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# West Europe Report

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# WEST EUROPE REPORT

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PAPER DENOUNCES NEW SOVIET DEMAND IN ARMS TALKS

DW080925 Bonn DIE WELT in German 8 Dec 80 p 6

[Editorial by Cay Graf Brockendorff: "Moscow's Latest Maneuver"]

[Text] The Soviet Union has demanded in Geneva that the nuclear weapons of France and Great Britain be included in the count for an agreement on the limitation of medium-range weapons in Europe. At first this demand appears to be logical: naturally, if the eastern side makes its nuclear potential the subject of negotiations, why should all Western weapons not be listed in return, too?

The hitch is elsewhere, and the Soviets know it. As late as in summer they told the chancellor in Moscow that they are prepared to talk only about the U.S. weapons in Europe. To begin with, everything else would be reserved to later talks--SALT III. This was a veritable election-campaign hit for Schmidt; it seemed as though he had loosened up the deadlocked antagonisms. For, since France strictly refused to negotiate on its weapons in a tripartite concert, as is generally known, the question concerning the European missiles could be made to move only if the British and French systems would be excluded for the time being.

Now, suddenly, this is supposed to be applicable no longer; the election-campaign hit turns out to be what it really was--an election-campaign hit. The maximum demand follows without delay, as soon as the objective pursued by the false pretense has been attained. If the West remains hard now, the Soviet Union probably will yield. It has done that all the time. And then many people in the West will praise the Soviet compromise and suggest to the Western side to honor this by concessions of its own.

The Soviet Union, however, is as perfectly aware as the expert circles of NATO themselves that no unilateral Western yielding is possible in this issue. For, according to the present state of Soviet armament with SS-20 missiles targeted on Europe the 572 new medium-range missiles of NATO to be deployed in Europe under the December 1979 decision on the closure of the arms gap are the minimum of what is needed as a counterweight for the Western side--lest one wishes to strip Europe bare and bring about a situation where, in the event of a Soviet strike against Europe, this continent either will be helpless or the Americans will have to put up

their deterrence potential from beyond the Atlantic--whereby each danger to Europe would gain global character and a localization would seem to be impossible.

It goes without saying that the French and British potentials had been included in the computation of this figure of 572 new medium-range weapons. And it is just as self-evident that the alleged "threat" to the Soviet Union by these weapons, as lamented by the Soviet side is purely fabricated. A European nuclear potential would be a threat to a peacefully behaving Soviet Union only if it had a first-strike capability, that is to say, if it could make the Soviet Union helpless by means of a surprise strike.

Of the 572 arms some 464 are so-called cruise missiles, needing more than 3 hours from launching to hitting the target. So they are only usable as retaliation arms--but as such they have a deterrence value which is characterized best by the Soviet complaints about the cruise missiles.

A parallel to these maximum demand maneuvers is being staged by the Soviet Union in Vienna. Negotiations are taking place there for 7 years on the reduction of conventional forces in Europe. From time to time the Soviet Union makes new suggestions there, announcing occasionally a one-sided step--in short, all kinds of maneuvers are being staged there, in order to suggest to the well-meaning outsider that only the West represents the great obstacle on the way to disarmament and safeguarding peace. Prominent Social Democrats have, therefore, repeatedly complained about the "counting of peas" in Vienna; Wehner used the Berlin SPD Congress to criticize Genscher indirectly for not paying sufficient attention to the Soviet suggestions--and it is not the first time that Wehner indicates his doubts whether the foreign minister of the coalition government is taking the right approach to disarmament.

But the "counting of peas" is exactly the core problem of the Vienna disarmament talks and all other such talks, because prior to reducing troops one must know about the number of troops involved. The Soviet Union doggedly refused since the beginning of negotiations to state the strength of its territorial units in Europe, let also accept confidence-building measures, enabling the West to check the correctness of the given figures.

So the old Soviet wearing down tactics will be continued, aimed at gaining position advantages with much noise and little good will in order to gradually maneuver the West in a position where it could only capitulate. NATO's decision to close the arms gap is the decisive signal, indicating that it has recognized this aim and that it will counteract it. NATO will meet in Brussels again in realization of the Soviet intentions on the one hand (stressed by the recent maximum demand), and of the European effect of such flat pretense maneuvers (demonstrated by Wehner's comment on Genscher) on the other.

Regrettable tendencies exist in Europe aimed at dodging the consequences of the decision to close the arms gap. But soon there will be a new administration in America which has thoroughly seen through the Soviet scheme. It will be seen now how the convincing strength of the new men in Washington will reflect on old Europe.



CSO: 3103

## PRESIDENT'S ADDRESS ON NUCLEAR DETERRENCE SUMMARIZED

Paris LE MONDE in French 20 Nov 80 p 18

[Article by Jacques Isnard--passages between slantlines originally published in italics]

[Text] Information is part of deterrence. The former American secretary of defense, Robert McNamara, used to say so. And he added, from the strength of the thousands of nuclear warheads in the American deterrent arsenal, that the more intelligence information the adversary had about this panoply--with, if need be, false or conjectural information disseminated here and there--the more he would begin to suspect the power of the United States.

We must assume that Mr Valery Giscard d'Estaing remembered this lesson. He certainly does not shrink from applying it. In the course of his 7-year term, the chief of state has spoken a great deal about nuclear defense--probably more often than his 2 predecessors of the Fifth Republic--and he has just proven it again during a 10-minute period on Tuesday evening 18 November, in his answers to TS-1's questions. As if he wanted to convince his compatriots, the potential adversaries of France, and--why not--himself too of his willingness to unleash the nuclear weaponry.

Between silence, which is demoralizing in the extreme, and excessive talk, which has the effect of demystifying and banalizing the use of such a terrifying weapon, there is doubtless a balance to be struck. No one, of course, beginning with the TV viewer, will complain about a good bargain. But deterrence has its rules, subtle, nuanced, rigid and constraining all at the same time.

From having wanted to persuade the French that their country had stopped hiding behind a simple very small bomb, now we have come around to deciding to make too much of it, and to lifting a part of the veil of obscurity from which, by contrast, the credibility of other deterrence forces, notably that of the USSR, continues to benefit.

If certainty or ambiguity--which is not the same as shortsightedness or unpreparedness--remains one of the conditions of deterrence, it is perhaps inopportune to enter precisely into certain details. Sometimes, in such a discipline, speaking too much can be harmful. Above all if these explanations, which are more statements of intention designed to show that one has nerves of steel and lucid reasoning powers, were accompanied in the past by serious misuse of terms, by several

clumsy digressions or adventurous speculations, extemporaneous in nature and clarifying too late the intent to "blur" [the French position], or the "step by little step" evolution of defense doctrine, as was demonstrated by the speech of June 1976 at IHEDN [Institute for High National Defense Studies].

Since his election to the Elysee, Mr Giscard d'Estaing has been falling into the trap, even if his dialectic was well ordered, strongly asserted, and if it over time acquired more logical rigor.

/"The whole point of some statements,"/ said the chief of state himself on 26 June in connection with nuclear deterrence, /"is for them to remain simply that,"/ relatively unformulated. /"It is necessary for the adversary to remain unsure of the final risk,"/ the president of the republic reiterated to TF-1. The example should be set at the top. Except if the feeling in the Elysee is that one restores one's international and national authority by discoursing off the cuff about the Bomb.

9516
CSO: 3100

DUTCH WANT PARTICIPATION IN FRENCH, GERMAN TANK PRODUCTION

Rotterdam NRC HANDELSBLAD in Dutch 5 Nov 80 p 17

[Report by E.G. Lachman, NRC correspondent]

[Text] Paris, 5 Nov--France is ready to bring the Netherlands in at an early stage in the development and production of the German-French tank for the 1990's. The Dutch electronics industry in particular could be involved in the manufacture of the whole series now projected by Paris and Bonn.

That became clear here yesterday from the annual discussions that Van Eekelen, secretary of state for defense, carried on with Le Theule, the new French minister of defense, and more especially with Martre, delegate for armaments.

Van Eekelen made the agreement with his French discussion partners that the Netherlands will be informed concerning the conditions for participation in the working out of the project even before the French-German concept of the tank is concluded and confirmed next summer.

The hubbub about the Dutch aircraft purchases in the United States is thus definitely a thing of the past.

Since the Netherlands wants to replace half of its stock of tanks within 10 years, there are about 450 tanks involved here, and that is about 10 percent of the total production (4,500 units) of this French-German successor to the Leopard I and II.

According to Secretary of State Van Eekelen, it is naturally of primary interest for Dutch industry to be involved as soon as possible in the development, so that any Dutch share in the development and production will apply to the whole series of 4,500 units.

Co-Production

Since this French-German project has been decided upon by President Giscard and Chancellor Schmidt--and thus at the highest level--it is highly probable that it will actually go through. Until recently the Netherlands had been considering cooperation with Bonn for a new tank, and now that this has become a French-German co-production, the Netherlands needs French cooperation.

The rough planning phase (how heavy, how fast, how heavily armed) will probably be completed by a French-German agreement in July. After that the Netherlands may

thus get involved in the tug of war over the question of who is going to develop and produce what.

It is assumed that in any case the new tank for the 1990's will not be heavier than the Leopard II, so that it should also be usable for the Netherlands.

Although Van Eekelen denied that this is a consideration, it must be assumed that the Netherlands has a strong lever to press for being involved in the production thanks to the possibility of a bilateral cooperation with France on production of antitank mines. The Netherlands will need some tens of thousands over the short term, toward 1985, and later over a hundred thousand of these mines, because the stock on hand is very badly outdated. The French and the Germans have somewhat more time, but the Netherlands cannot wait. The Swedes and the French have been competing for a first Dutch order.

Antitank Mines

Van Eekelen told his French discussion partners yesterday that he was interested in how such a first Dutch order would fit into later cooperation in connection with the need of antitank mines over the longer term, so that the Netherlands could participate in the production of the whole series in this case, too. The French then promised a new offer.

In this bilateral cooperation in the field of antitank mines the Netherlands is primarily interested in a co-production of the components of the ignition mechanism. This mechanism is now made by the French firm TRT (Radioelectronic and telephonic telecommunications), in which Philips has a 49 percent share. A first Dutch order of antitank mines would involve an amount of 40 million guilders.

Billions Involved

It is not yet known what sums will be involved in the French-German tank production. Inasmuch as a Leopard cost about 4 million guilders and a series of 4,500 has been mentioned in the French-German discussions, it is clear that the project involved here will amount to at least 18 billion guilders. If Van Eekelen's plans succeed, some 2 billion of this should go to Dutch industry.

In the case of both plans Van Eekelen, of course, repeatedly brought out the Dutch desire to coordinate defense production in general and preferably at the European level, so that a structural cooperation will come about. But here, again, it was clear that the French are interested only in pragmatic cooperation which takes place ad hoc, from project to project. The French did, for the first time in this sort of discussions, present their defense plans for the next 10 years, after the Dutch secretary of state had for his part explained the Dutch long-range plans.

8815
CSO: 3105

## OIL REFINERIES IN SICILY SAID TO BE UNDERUTILIZED

Palermo GIORNALE DI SICILIA in Italian 23 Oct 80 p 14

[Article by Alessandro Hoffmann: "Industrialization and Its Errors--Oil in Sicily: Five Big Installations Used Little and Poorly--the Chemical Establishments (Mediterranea, ANIC [National Agency for the Hydrogenation of Fuel], Rasiom, Montedison and ISAB [Sicilian Asphalt Industry]) Have Produced Less Than Half of Potential Capacity]

[Text] Exactly one-third of the oil that enters Italy can be refined in Sicily; however, the five big installations of Milazzo, Gela, Priolo, Augusta and Melilli operate (except for the last-named, which belongs to ISAB) at very low rates, and the rate of utilization of the establishments is insufficient. These are some of the considerations (already confirmed by events, for that matter) of the study by Angela Mariani on the situation and prospects of oil-refining in Italy, published in the latest issue of ECOLOGIA-ACQUA-ARIA, a monthly of environmental technologies.

This subject is of great interest to our region, which is a leader in these industrial process and is now daily suffering their negative manifestations, aggravated by real events (the oil crisis) and by the lack (rather, the failure to have any effect on behavior) of the instruments of energy programming: for example, more than one specific plan has been made (the latest was in December 1977), and the minister of industry is making another one, but in practice, no one has taken notice of them, and the only form of compulsory programming is furnished by the high cost of the products, which makes people drive their cars less and turn off the burners more often.

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The Refining Map

Refining in Sicily (millions of tons)

| | planned capacity | installed capacity | effective capacity | material processed | rate of plant use (%) |
|---|---|---|---|---|---|
| Mediterranea | 20.4 | 20.4 | 17.3 | 6.1 | 35 |
| ANIC | 5.4 | 4.7 | 3.9 | 0.5 | .3 |
| Rasiom | 20.5 | 14.4 | 12.2 | 5.9 | 48 |
| Montedison | 20.3 | 20.3 | 17.2 | 8.2 | 47 |
| ISAB | 11 | 11 | 9.3 | 6.6 | 70 |
| Total | 77.6 | 70.8 | 60.1 | 27.3 | 45 |

But to speak of refining in Sicily is almost to review the history of industrialization and its errors. Instead, let us look at the present situation. In 1977 (the last year for which data are available, and the situation has grown worse since then), the installations of Mediterranea, ANIC, Rasiom, Montedison and ISAB had a planned capacity of 77.6 million tons per year, an installed (or approved) capacity of 70.8 million, and an effective capacity of 60.1 million (equal to 85 percent of installed capacity). The raw material processed (crude oil, that is) was 27.3 million tons, and the rate of use of the plants was therefore 45.4 per cent.

If we now look at the way the refined products are distributed, the islands (Sicily, Sardinia) produce together 35 percent of all the gasoline, 32 percent of fuel oil (used for thermoelectric power plants and in industry), and 69 percent of the virgin naphtha (which is the basic product of petrochemistry); and as compared with these percentages, the consumption of the two regions is 10 percent of the gasoline, 12 percent of the fuel oil and 61 percent of the virgin naphtha.

Sicily, therefore, produces (rather, used to produce) a lot for export. In this regard, recent foreign-trade data from the Research Department of the Banco di Sicilia tell us that in the first 6 months of the year, the quantities of petroleum-distillation derivatives exported decreased, by comparison with the preceding year, by 38 percent (from 6.7 to 4.1 million tons), while the money value stayed the same, because of the rising costs of the raw material. At the same time, importation of crude also dropped by 22 percent, going from 13.4 million to 10.4 million tons.

The outlooks are therefore dark for Sicily and the thousands of persons who work in the five plants, two of which--the Mediterranea and the Montedison plants--are the biggest in Italy that have to pay the cost of an industrial-policy direction which in the long run has proven (with hindsight) mistaken or at least excessive in its forecasts.

11267
CSO: 3104

## WEST EUROPEAN COMMUNIST PARTIES' 8-9 OCT BRUSSELS MEETING

### Main Issues of Discussion

Madrid MUNDO OBRERO in Spanish 17-23 Oct 80 p 22

> [Text] According to Manuel Azcarate, the Brussels meeting of Communist Parties was something new, something which somehow broke with tradition and with the customs of the mythical communist meeting where the participants seemed to meet only to say that they all agreed. When the meeting was being organized and the Common Market was mentioned as one of the subjects, some said: How are we going to meet and discuss a subject on which there are so many differences! And then we argued, we faced very controversial viewpoints and lightning did not strike us.

It was, in brief, a meeting with free discussion where no document was approved, something which had been agreed on beforehand. In the first session each party had 15 minutes to set forth its thesis about the Common Market, "with many criticisms which we share," points out Azcarate, "since it is clear that if we favor entering the Common Market, it is with specific conditions and in order to change it."

Thus the disagreement was not about the Common Market's inauspicious present policy, but rather about the framework to use for a progressive approach to the crisis in Europe: whether to use that real structure which is the Common Market or to turn the labor and progressive forces' backs on it.

In the first day reports about the situation of each country predominated. In the second session, headed by the PCE [Spanish Communist Party], there were more than 30 speeches, limited to 5 minutes each. In this debate, at times quite lively, a distinction was made with regard to the Common Market between parties which oppose their countries' joining (the Greek, the Portuguese) and parties whose countries are in the Common Market and who favor getting out (like the English). The PCE delegation, expressing respect for these positions, said it did not understand the positions--which could only be qualified as incoherent--of parties which are in the Common Market, are not proposing that their countries get out, and yet nevertheless oppose the entrance of others.

Another subject of discussion was the crisis, not so much its supranational or worldwide character, but rather its structural factors and the instruments that

progressive forces can use in this crisis. Thus we discussed the role of the public sector, the struggle against its bureaucratization and its subjection to the monopolies.

The other main theme of the day was the relationship between communists, socialists and social democrats. On this matter there were two theses. In one thesis there were two different positions toward the crisis: on the one hand the position of the rightists and the social democrats who accept the crisis, and on the other hand the position of the communists who fight it. This thesis was set forth quite clearly by the French comrade, and the Spanish delegation, as well as the Italian and Belgian delegation, explained that there is a need to treat this matter more fully. The Italians pointed out that, even though they are immersed now in an acute confrontation with the socialists, they approach these differences from a perspective of unity, always in the belief that both communists and socialists are an integral part of the labor movement. The Spanish delegation, for its part, stressed that it is essential in order to overcome the crisis with progressive formulas, that we struggle to overcome the historic division between socialists and communists and bring together the labor and popular forces of Europe.

## Issues of Common Agreement

Madrid MUNDO OBRERO in Spanish 17-23 Oct 80 p 23

[Text] At the end of the meeting, those who attended had the feeling that they had only started the discussion, that they had only scratched the surface of the problems, creating a need for new discussions in which specific subjects are treated freely. By so doing, Azcarate says, we might overcome some obstacles presented by the kind of communist diplomacy common to so many meetings.

There was also strong agreement among the parties at the meeting concerning the will to fight some problems and a conviction about the seriousness of some matters. Thus, there was a common expression of solidarity with the Turkish comrades, with whom the Spanish delegation studied specific forms of support. There was a common concern for the rise of fascism and racism in Europe and for the open war between Iran and Iraq and the danger it involves.

After the meeting it was observed that the initial PCE proposal that the sessions be opened to the press could perhaps have been implemented without major differences in the actual results since the different delegations reported on their speeches and the development of the debates. In this connection we will insist, Azcarate said, that new meetings have an increasingly open character.

## Emigrant Workers' Rights

Madrid MUNDO OBRERO in Spanish 17-23 Oct 80 p 23

[Text] The subject of the emigrants in European countries was discussed at the conference, and this time it was not only just brought up by the parties of the emigrants' countries of origin. The Swedish representative recalled in his speech (even before the PCE delegation's speech) that in his country the emigrants have the right to municipal vote, but the party is struggling to obtain for them

the right to vote in political elections, believing that in a population of 8 million people such as Sweden's, the existence of 1 million people (workers and relatives) who are outside the political mainstream is a serious threat to democracy.

Other parties such as the German and the Italian also brought up the subject of the emigrants' rights both from the viewpoint of the emigrant's country of origin and of the emigrant's destination. European democracy cannot confront the crisis, it was said, by excluding thousands or millions of workers.

## Azcarate on World Crisis

Madrid MUNDO OBRERO in Spanish 17-23 Oct 80 p 22

[Text] Delegates from 21 West European communist parties met in Brussels on 8 and 9 October to discuss the crisis, the Common Market and labor struggles. This is the first time that all the communist parties of Western Europe have met since 1974: only Iceland and Cyprus were absent for technical reasons.

Rather than citing specific facts about the Spanish situation, the Spanish delegation, formed by Manuel Azcarate, Carlos Alonso Zaldivar, Julio Segura and Antoni Monserrat discussed basic ideas about the characteristics of the world crisis. On this point Azcarate said in his speech that "We do not share the view that this crisis is limited to the capitalist world. We believe that this could lead us to mistakes. Deliberating the character of the crisis in the Eastern countries and its peculiarities is an important subject. The crisis is producing," he continued "a growing desire in the working masses to participate, to intervene, and this is not just happening in the capitalist countries."

At another point he said: "The worldwide character of the crisis does not imply a lack of specific characteristics in each country that might enable national leftist forces to draft progressive policies to minimize the social cost of the crisis. The crisis will only be overcome through a new plan for the international division of work. There are significant risks in imposing a conservative approach that strengthens the technological domination of the United States, and therefore, there is a serious risk that Europe could become an area subject to increased subordination (receiving investments undesirable to the Americans). Any progressive alternative must take these risks into account and concentrate on the need to give Third World countries weight and a very important role in the social and economic world model that emerges from the crisis."

9341
CSO: 3110

## PCF MEMBER DESCRIBES INTERNATIONAL COMMUNISM'S NEW DIRECTIONS

Paris REVOLUTION in French 7-13 Nov 90 pp 58-59

[Article by Gerard Streiff]

[Excerpts] The recent Communist meetings in Brussels and Berlin were little noted in France. A few isolated articles appeared here and there, most often in a critical vein and always missing the essential points. That is regrettable. Because interesting things have happened, this year above all, in the Communist movement. Just to mention our own party, I cite the PCF-CPSU meetings of last January, then the Paris, Brussels and Berlin meetings, devoted, respectively, to disarmament, the imperialist crisis, and the new world order. French Communists who for some time have been appealing for a renewal of ideas, methods, and life in the international Communist movement, and who play a not inconsiderable role in that regard, can be quite pleased with these first steps.

The international Communist movement, without doubt the most formidable movement ever existing on the international level, is the inheritor of a prestigious history but it is sometimes heavy to bear.

The International played a decisive role in the development of communist parties throughout the world. It retains unchallenged this fundamental merit. However, to come to the point, after the International was dissolved because its mission had been fulfilled, some of its practices continued, namely a tendency to set a common line for the whole movement. This gave the Communist movement increasing difficulties--in its rules of conduct and forms of work--in adapting to real life.

Thus, there was a time not very long ago when solidarity within the movement tended to be interpreted unilaterally. To speak clearly, there sometimes persisted within the movement the idea of a privileged solidarity with the USSR. That is the meaning some attributed to the expression proletarian internationalism. Naturally, all this confirmed the impression of the setting in of a certain hierarchy among parties.

Moreover, the movement refused to recognize any differences. That was taboo, illegal. And since it was understood that there were to be no differences, there could be the temptation to resort to pressures, even interference in the affairs of other parties, to suppress them, when despite everything these differences did surface. And the Yugoslav case shows that this could go so far

as expelling a Communist party from the movement. Then too there was the tendency purely and simply to ignore differences and to confer an increasingly formal nature on discussions within the Communist movement. Finally, a heavy formalism, conflicting with the needs of the antiimperialist struggle, tended to characterize bilateral and multilateral relations in the movement. Thus the movement refused to recognize its own diversity, seeing weakness in that, when quite to the contrary such diversity was a sign of strength.

Seeing this clearly, the PCF, so deeply devoted to solidarity in Communist parties' struggles, expressed its concern for renewing the international movement.

Obviously the aim was not to harm the movement but rather to strengthen the effectiveness of the antiimperialist struggle.

Let us recall our demands. We hoped and we continue to hope that relations of mutual solidarity be instituted in the Communist movement, among major and equal parties, relations that respect the diversity of parties, even existing differences of viewpoint, relations free of all formalism, adapted to life and to the requirements of revolutionary struggle in the real world. At the same time we intended to develop our active solidarity with all the other forces which, in their diversity in the four corners of the world, struggle against imperialism, for social progress, independence, peace, freedom.

At our 22d Congress we recalled that the Communist movement was not and could not be a Church subjecting each party to a uniform law. The movement ought to take into account the diversity of conditions of struggle of parties and of the differences in existing points of view. We added "We shall seek to develop our cooperation with Communist parties in new forms, which for some time we have begun to put into practice, and which are more lively and effective and correspond to the stage achieved by our movement."

The problem of the indispensable evolution of the Communist movement, its adaptation to the real world, is thus posed to each party and to the movement as a whole. That presupposes a break with many routines and habits. Things will not go by themselves. For a time we in the movement have heard some thunderous declarations about the proposal for "natural and healthy debate" which Jean Kanapa, in the name of French Communists, hopes will develop in the movement.

Our 23d Congress will restate our determination to develop new relations in the international Communist movement on the basis of independence of each party, equality and noninterference. The Congress resolution states: "One must squarely face differences, and if useful, discuss them. But they can by no means justify abandoning our obligation to develop relations with all CP. We are ready to act with each of them to achieve all the aims we have in common."

These few reminders ought to give a better idea of the distance travelled in these recent months.

The year 1980 opened with the PCF-CPSU conversations resulting in the following joint statement: "The two parties consider that the existing differences in their positions and their views should not hinder their cooperation in all the great aims they share, particularly in the struggle for peace, disarmament, international cooperation, and for international solidarity with Communist parties and all the forces for social and national liberation."

Then our party, along with our Polish comrades, participated in the Paris Meeting on disarmament. Prepared after broad consultations, with a precise agenda, this meeting corresponded to our view of cooperation among parties, less formal, more effective. We also made the point that it was a constructive effort for action, an open effort in whose participation, and in whose subsequent follow-through, each party decided for itself quite independently.

The approval of a short popular appeal meant that although the search for a common strategy was finished forever, naturally we did not intend to prevent ourselves from taken common action for common objectives any time it seemed necessary.

The novelty of the practice might surprise some. The meeting nonetheless had a remarkable national and international response, a good sign for the future. Overall, the same step would be found at the Brussels and Berlin meetings.

Limited to the 22 parties of capitalist Europe, the Brussels meeting bore the triple theme of the crisis, the Common Market, and of struggles. Invited by the Belgian Communist Party, acting especially with the French Communists, this effort, without preparatory text or definite program, permitted a very free and very frank discussion. For example, the second day at the meeting there were 30 speeches in less than 3 hours.

At the conclusion of the meeting, Albert de Coninck, leader of the Belgian CP, said "We have just seen that the working method we have adopted favored a very frank and free exchange of views. I believe I reflect the general view in saying our discussions and exchanges of information have mutually enriched us."

The meeting made it possible to gauge the diversity of national situations as well as the sameness of the aspect of the crisis enveloping all the countries. It also made possible an objective statement of the differences in the analysis of such questions, for example, as the balance of international forces, the basis of the imperialist crisis, and the national solution of the crisis.

The meeting thus ought to permit a renewal of cooperation of Western European communist parties in more specialized subjects.

An interesting balance sheet can also be drawn up on the Berlin Meeting, organized by the GDR and whose official theme was "the common struggle of the worker movement and of the national liberation movement against imperialism, for social progress." Our party happened to be rapporteur of one of the three sub-topics of the meeting.

Based on the number of participants--116 Communist parties and liberation movements--it was the broadest gathering of revolutionary forces ever brought about.

The absence of a leading text greatly facilitated such a meeting, which so well reflected the image of the world.

There again, the ventilation of differences could not breach the underlying import of the meeting, namely the convergence of the struggles of antiimperialist forces, be they parties of socialist countries, militant groups within the capitalist world, or Third World forces--all equal and sovereign partners.

Although necessarily limited, Berlin permitted the beginning of a collective reflection on the key-note of the new international order which in a way was making its formal entry into the Communist movement. The meeting also recalled the existing ties between the struggles for peace and disarmament and the battles for national emancipation. All are paths showing tomorrow's vast potentialities for common action by revolutionary forces.

Thus 1980 will probably be a good year in the history of the Communist movement. So far as we are concerned, we have with others begun to change things. No doubt it will be an arduous undertaking, but it is worth it.

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## MARTENS IV GOVERNMENT: CD-SP COOPERATION INDISPENSABLE

Brussels KNACK in Dutch 15 Oct 80 pp 26-28

[Article by J.S.]

> [Text] It was exactly 22 months ago that Wilfried Martens of the CVP [Social Christian Party], for the first time in his life, was appointed by the king to form a cabinet, but since then it seems to have become a habit with him. It took nearly 2 years before Wilfried Martens was acknowledged to be right in the message with which he began his first--and abortive--cabinet formation in January 1979: that under the present circumstances only Christian Democrats and Socialists can form a government in Belgium that is proof against the political game.

When cabinet-former Wilfried Martens was busy in the first month of 1979 working out his Roman-Red formula, André Cools, chairman of the PS [(Walloon) Socialist Party] was left with the Walloon obsession that he would be gobbled up by Flanders. In a way he was right; he did come out of the December 1978 election still further weakened. So André Cools wanted the FDF [Democratic Front of Brussels French Speakers] included, and that was done, with the result that the CVP got such a headache that just a year later it got the FDF drummed out. Until Easter, Prime Minister Martens hobbled along with a minority. which finally fell over a paltry Article 5, or in other words over a point that was not really a point. Meanwhile Leo Tindemans had been hard at work promoting the idea of a three-party government, which Wilfried Martens then formed.

We now have a senseless 6 months behind us with the three-party government. The reason it has fallen so quickly is that its formation itself was based on a wrong analysis of the things a government has to work at. Bringing the liberals into the three-party coalition was based on the primary slogan that the state collects too much in taxes and makes it available too freely to those who do not earn it. But this by-path in state management, which obviously has not led to better prospects for the next year, or to much greater social advantage than an extremely small tax relief, as appears from [Finance Minister] Hatry's ridiculous repayment scheme, has now been traversed. Cabinet formations follow one after another, but are not alike. After time has been wasted for years on forming governments that were always going to reform the constitution, now at last we have again experienced a cabinet that concerned itself with something that was more to the point.

What it is really all about is finding a way out of the crisis. It is just as naïve to believe that the state can do everything for its citizens as to suppose that it must above all not interfere in their market economy. This only seems to be a recent discussion, for the late Abraham Lincoln, 16th president of the United States of America, dealt with it over a hundred years ago. The legitimate aim of the business of governing, he said, is to do for a community of people what they have need of, what the cannot do themselves, or what they cannot do as well themselves with their differing and individual abilities. The liberals had to get out of the Belgian cabinet last week, according to the logic of things, because they said, in the name of an unfortunately too small fraction of the population, that the state must cut back drastically on a number of expenditures in order to make money available in the country for a lot of quite different purposes. The liberals certainly did not pull out over a trifle, but over a very basic concept of the work of government.

The socialists felt, on the other hand, that you are not getting out of the crisis by the proper path unless you reduce the inequality that exists in society by following the path you have chosen. It is always being said that Wilfried Martens rather leans to the view of the unions and of the socialist parties. That view is based on the idea that there is less wrong with the composition of the package of state disbursements than with the way that the revenues are collected. Corrections to the public expenditures are always quite possible, but according to that view nobody gets very far that way without at the same time working to extend the democratic and social achievements, or what are felt to be such, that have given Belgian society such a durable framework. That side of the negotiating table was playing in the knowledge that the others were no longer playing in earnest in the field of revenues.

The cabinet formation deliberations began Wednesday of last week [1 October] with a recovery plan of Wilfried Martens's that he had already rewritten several times. But since he had not succeeded in keeping the Liberals in the cabinet with it, it had to serve as the basis of a new coalition. In this country nobody can compose a document of any social import without its happening that some union. in one of its subdivisions, is holding a congress or a meeting. The reply from that quarter is thus never long in coming, and there is always applause in the background. The trade union world immediately let it be known that it was not so taken with the idea of a centrally imposed policy of wage restraint, which shows up in Martens's papers. Wilfried Martens himself probably has no great illusions about the efficacy of wage raises that are stopped at the source in helping to feed economic funds. Wilfried Martens is the archpolitician. His system of wage restraint is probably political to a considerable extent, since he solemnly stated at the beginning that nothing would be done in that line without social consultation. Everything must go back once more to the big impending ritual *labor conference*. It appears that a 1 percent wage reduction which yields a net figure of 14 billion francs, is the price that the labor world will pay to get a cabinet that is not unreasonably disposed, one that can be talked with. The fees of the independent professions, of course, are not similarly frozen.

For Years

At first the negotiations were said to going badly, but then on Thursday things went quite a lot better when the Socialists did make serious difficulties

over several points that are close to Leo Tindemans's heart. The fact that they all know each other at the Lambermont house from having governed together for years did not prevent its being dragged out this time, too, for session after session in order to feel each other out thoroughly to where some point or other could be scored for one's own side. That is the value of the formation of coalitions between parties each of which stands up staunchly for its programs and for a bunch of equally respectable side interests in addition to a shared common interest. The risk is always that the actors will no longer be able to see the woods from the trees, but there is still the advantage that a little bit more can be gotten out of it. And that is the very essence of democracy.

Freddy Willockx, SP [(Flemish) Socialist Party], secretary of state for finance, appeared on television several weeks ago to tell what all he was going to do. But his boss, Paul Hatry, Liberal, minister of finance, was not willing to go along, so that all that time all Willockx said remained a standing letter of intention. But Hatry is said to have gone back to the Petroleum Federation before they found time to study the requests of his possible successors. The departing minister has meanwhile let the prime minister know that he will not cosign the national budget that he himself presented. As far as he is concerned nothing like that has to go to parliament; he will not even have a seat there. Now that Paul Hatry thus crushingly had no more to do with it, Freddy Willockx could finally begin to flourish again.

At the Lambertmont table Secretary of State Willockx, when he took the chair last week end from Louis Tobback, the chairman of his parliamentary delegation, tasted the immense satisfaction of finding some 90 percent of his whole summer's drafting work in cabinet-former Martens's proposals. For anybody that thinks that something must be done about revenues in order to correct the imbalance in public finances must begin with efforts to combat fiscal fraud, no matter how modest the result that is predicted from that by those who know. Therefore, besides the measures that already exist and should already have yielded 15 billion francs, Wilfried Martens IV will evidently attempt the following: First of all, there will be a special fraud office within the High Council of Finances. A uniformity of criminal procedures will be introduced, for at present one prosecutor of fraud cannot prosecute in the same way as the rest. Willockx's specialists are confident that a good 2 billion more will be recovered if such a uniform and balanced definition and classification of violations is established. The tax consultants and accountants need not be regarded from the outstart as dishonest people because the cabinet-former thinks a regulation of their professional activities is not superfluous. They are wondering about it themselves. Naturally nobody has ventured to set a figure on just how much such a deontology would yield. Well-defined sectors can be tackled with specific measures. In the world of film and bioscope, for example, it is said that a third of the receipts are not reported, which means half a billion a year less revenues for the treasury. If the meat sector can be somewhat better checked out by means of a permanent inventory of the living cattle with the "silhouette card," there is 2 billion [francs] of public money to be reaped there. According to statements of some industrial millers themselves, checks on the production and distribution of flour can bring in up to 3 billion a year. Fraud is probably no less widespread in the field of wines and spirits. Normally the sectors concerned cannot behave recalcitrantly about this, since a defrauder will always cheat his competitors, with the costs passed on to the public. A direct 20 percent tax on the so-called

commissions for foreigners, the well-known baksheesh connected with the concluding of foreign contracts, can immediately bring in 1 billion francs. We had learned from the Euro-system scandal that you could legally, although subject to regulations, request exemption for this from the minister of finance if as an exporter you had to make such a handout. At N° 12 Wetstraat, where the Treasury has its headquarters, there are at this moment applications pending that amount to 5 billion [francs]. Serious enforcement of the tax law on group insurance and the private insurance contracts that directors of firms usually conclude is good for 3 billion francs. These are no astronomical figures, of course, but every little bit helps. Anything seems preferable to geometrically banning 50,000 unemployed from the benefits, or sending young graduates with no pocket money and in a revolutionary frame of mind out into a world where nothing but crisis prevails.

Six Billion

Apart from combating fiscal fraud, in which they were followed, the Socialists had two points that aroused more resistance among the Christian Democrats viscerally. But even though they may not bring home the property tax and the taxation of the earnings of the private partners in semi-municipal enterprises during this cabinet negotiation, they will keep harping on the same tune: that this last point still represents an annual gift of 5 billion francs to a few specialized corporations that definitely cannot be counted among the needy. It was not for the sake of far-fetched principles that the socialists opposed the taxing of accumulated replacement gains above a reasonable level, but according to them measures along that line can be carried out only with the approval of social discussion. That social discussion, they say, can also decide how the figure of 6 billion must be reached that is *not* raised by the geometric 2 percent levy on public employees. The higher pensions will be topped off quicker than Herman de Croo, PVV [Party of Liberty and Progress], minister of posts, telephone, telegraph, and pensions, had foreseen; by about the beginning of 1983 no pensioner will be saddled with the problem of his enrichment. No more than three quarters of the salary of the secretary general of a ministry, which among other things is also the salary of our 2,000 university professors and amounts today to 155,000 francs a month, will appear after that on the green check. The exclusion for members of parliament is included; evidently it was possible to act on this one point without prior social discussion. Even the extras that were possible thanks to a law of Placide De Paepe's with the sum of an official pension and a private pension are being wiped out. The turning-point of decumulation is being haggled over in Lambermont like a second-hand car. Everybody was agreed that the Liberals had overdone it with their 2.5 million franc family income as the limit that should be decumulated to. The Socialists found 1 million nice, while the Christian Democrats liked 1.5 million better. It was finally set at 1.25 million.

The questions that were close to the hearts of the Christian negotiators, and that Cools and Van Miert made no trouble about, were a slight reduction in corporation taxes, a slight boost in the KMO [small or medium-sized business] system, and the free school. According to the CVP chairman, Saturday in Turnhout, he has been waiting ever since 1973 for the school agreement laws to be carried out. By a political paradox, for the 7 years since then he was the influential prime minister of the country for 5, but he is now getting his satisfaction from Wilfried Martens. Within a month after the swearing in of the coming government, according to the agreement, the royal decrees will come out on the rationalization of secondary education,

on the building funds for the Christian schools, and on the manpower for the special temporary staff for the boarding schools. When a technical problem arose over fuel for transporting Christian pupils and for heating their schools, and the left was not opposed to that, either, but merely asked where the money was to be gotten, one of the negotiators remembered [Minister of Defense] Poswick's 750 million which, after Karel van Miert's opposition to it, was put in the prime minister's budget. Free education will now operate on the fuel oil that was denied to the generals. It is better so; even the most hardened freemasons will hardly deny that.

Paul Vanden Boeynants, chairman of the PSC [(Walloon) Christian Social Party], moaned Sunday on the Walloon television that the firms, alas, do not have the right to vote that tax-paying families have. But they do sometimes finance a few posters, so that they do vote that way. The 3 billion for small and medium-sized businesses that the Liberals made so much trouble about 10 days ago is retained. True, it is put in the light of employment, via favors for the hiring of young workers. Minister Roger De Wulf, SP, has experienced staff members who will work out concrete formulas on this matter. Some tax relief would also be given for energy-saving investments, such as exempting part of the earnings that are guaranteed to be reinvested by the companies.

From time immemorial there have been two kinds of husbands in society--good providers and poor providers. A woman can put up with almost anything from a good provider, almost nothing from a poor one. After the Brussels Millennium and the Liége Millenium, the budget of the Belgian state will deal with that figure next year for the first time. But the taxpayer, unfortunately, will have to celebrate that millennium with 1,065 billion francs of revenues in the knowledge that he is coming out short by 358 billion, if he wants to live within his means. With the discharge of the increasing state debt, according to Gaston Geens, CVP, minister of budget, that will be the presumable size of the net balance to be financed. We thus have a budget of which a good 20 percent can be used for carrying out policy. Because all the rest is salaries, fixed costs, and interest and amortization of borrowed capital, economies can be made only within the margin of 20 percent. The facts being as they are, the Belgian government simply cannot be the good example of the careful economy that some expect of it; because of those skimpy figures the budget cannot be used as an instrument for clearing a way out of the crisis. There may not be much to do about it, but it must be counted in the negotiators' favor that they want to give it a try, even in their tight shoes.

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## PARTIES' ROLE IN MARTENS IV AGREEMENT SCRUTINIZED

Brussels KNACK in Dutch 22 Oct 80 pp 26-29

[Article by J.S.: "Take This, or Else"]

> [Text] The Liberals had no other prescription than the most conventional deflation. Because with such a position at this moment and with their only relative strength they were clearly out of place in a three-party government, they withdrew, with the visible relief of an interim power that wants to go somewhere else, back into the opposition. Martens III thus came to an end, as the cabinet of the formation of the regions, of decumulation, of 2 percent, of the oil pot, and of the unstationable rockets. Here in Belgium when a problem really ripens a government must always fall before a start can be made with putting together a solution.

After we had to listen to it from Leo Tindemans for so many years, Martens's message for his fourth team seems to be that there is no solution without sacrifices. According to Jean Gol, chairman of the PRL [(Walloon) Party of Liberty and Reform], the Martens governments are volcanoes. Every now and then you see smoke coming out of them, and then the first thing you know they are firing away. Sunday cabinet-former Martens got yet another chance from the four congresses of his and other peoples' parties, but not in such a way that he does not have to do it himself again. With great Flemish crossness, his own CVP [Social Christian Party], with its chairman at the top, made it quite clear to him that they will find fault with everything their ministers do.

We have also had to learn very quickly to live without the commonalty aspect. That smoke screen is gone as if it had never been. Political life has suddenly become more intense and more real, and that seems to sit very uncomfortably with some. In short, during the 8 days of crisis the whole dispute was kept in socio-economic terms. There was no commonalty flag-waving other than the appeal by André Cools, chairman of the PS [(Walloon) Socialist Party], at his congress, to work for all possible support to those who find themselves outside the majority, except, of course, for the Flemish Bloc and the RAD [expansion unknown]. The accord on the Brussels executive that Cécile Goor, Guy Cudell, Rika Steyaert, and Jean-Luc Dehaene together have set up as a political agreement also contained in ineradicable black and white the management ratio of two thirds for the Brussels semistate agencies, as a potentially piquant foreshadowing of a certain

inevitability in all future divisions between Flemings and Walloons in the capital. In such a political bridge game with Cools as well as with the Brussels FDF [Democratic Front of Brussels French Speakers] notables, there may be moments in the game when Martens and his majority in the coming months must have the right bid ready.

If this government is good, i.e. if it does what is required of it, it must on the one hand prevent the general income moderation from becoming an exclusive wage policy, and on the other hand make room for the kind of economy that regards wages as costs that impair the ability to compete. Because the government can offer guarantees to neither of the two sides, since on the one hand quite a few incomes are insusceptible of control and on the other hand any assistance given can equally well be used to rationalize still more jobs away into the abyss, at least some will come out on the short end with Martens IV. Hence the strange atmosphere that hangs over the congresses, all four of them. For as Belgium is constituted, they will all come out short.

In the PSC [(Walloon) Christian Social Party], Jean-Pierre Grafé actually asked on behalf of the CEPIC [Political Center of Christian Independents and Cadres] that the union must obligatorily lose its case. A round of social discussion is all right, but if the unions do not lose their feathers in it, the government will have to carve away. About the middle of November the social discussion will have the request put before it to suspend all existing agreements for 2 years retroactive to 1 October in order to have our lot improved only by the pure index adjustment. Jef Houthuys of the ACV [(Flemish) Confederation of Christian Trade Unions] is perhaps technically in a position to agree to that, because of the more centralized structure of his Christian trade union, but Georges Debunne of the ABVV [Belgian General Federation of Labor] cannot do that under his charter without consultation with a long series of union central committees. The government's intervention would then be effected, if at all, through a system of penalties for the advantages not renounced. Because he can already see that from here, Prof Coppé has discussed with the CVP the inevitability of elections. Leo Tindemans, CVP chairman, could do nothing else than take up that theme in turn. Either the union bends the knee, or else it endures the shame of a round of elections against its own. The CVP-PSC appears to be making excuses in advance, but what else can it do with the hot breath of the Liberals on its neck?

All the congresses said yes, only with differences in the degree of enthusiasm or the lack of it. Now how must Houthuys and Debrun e interpret all that positive sound? We have been cutting back for several years; now we are going to cut back seriously. There is no other intention in the coalition, which, in this form, becomes the last of all possibilities that Wilfried Martens has tried out. Sunday he could get no applause from Georges Debunne for the homework done by Freddy Willockx, SP secretary of state and negotiator, who interpreted the coalition agreement on behalf of the party central committee. But Debunne really never applauds. Grown great by the increasing obviousness of his internal authority, Chairman Van Miert could permit himself a masterfully calm, completely unexciting, almost intimate closing address: *just take it*, for in the future only a still greater cutback [in wages] will be demanded.

André Cools wanted to present the coalition agreement from his *Bureau* with a favorable appraisal in advance. But really he did nothing but devote a certain number of prepared pages in the morning and another 40 minutes of improvisations

in the afternoon to pointing out to Jacques Yerna, the FGTB [(Walloon) General Federation of Labor of Belgium], and all Liége that it is finally clear that leftist Wallonia had and has nothing to gain from MARTENS I, II, III, and even IV. Now how is that sense of responsibility to be interpreted that even Paul Vanden Boeyants so generously ascribed to his colleague Cools, and that the PARTI SOCIALISTE held out Sunday as the highest priority? According to some, the message was that Cools will continue to follow Prime Minister Martens even when Gillon and the others spring to the barricades, but according to others it is that the bureaucracy that militates and carries out mandates both in trade union and in party must now become consistent. André Cools, too, made use of the device of holding the evaluation congress after so many weeks. The rank and file of all parties had demanded such a review session from their party committees, and only Karel van Miert opposed the idea a little. To anybody that had not yet noticed that, such a detail must indicate Karel van Miert's stability in his chairmanship. For the evaluation notion, which is becoming a continuing system with the incorporation of reservations in agreements concluded, and which seems to be getting somewhat common everywhere, points in the first place to insecurity.

The political landscape seems to have become to a certain extent unpredictable for those who have to move about in it. Apart from the people who are for the principle of governing firmly, for the citizenry this can only be a sign of an increased democracy. Louis Tobback, chairman of the SP [(Flemish) Socialist Party] parliamentary delegation, naturally has excellent reasons not to become a minister. It is not the moment to lose power and influence for the sake of a shaky portfolio, and especially not now that after years of effort he seems to have succeeded at last in reducing questions of defense and foreign affairs to discussible facts. This is a success in itself. Neither, perhaps, is it the moment for the reborn importance of the life of the party delegation to get lost in squabbling, if Jef Ramaekers of Mechelen and Jos Van Elewijck of Antwerp should both have a yen for the chairmanship. The good socialist harvest of September filled out with an extra number in the October negotiations will thus yield the fruit of a full-sized promotion for Freddy Willockx, plus a medal for Willy Claes. The late Achiel Van Acker used to say that in his days you did not form a government without first showing up on the doormat of the Société Générale. If Willy Claes occupies the post in the new government that he occupies now, there will be hard times for the old trust company of the days of King William's industry in the last century.

The question of the intercommunal [services] was really a matter of what the Right could and would give the Socialists in exchange for all that wage restraint. If anybody has to contribute, there is no reason for the electric companies, all of which are a little bit *générale*, not to do so. Their last point that remained standing was the necessity of their investments. But nobody has to make an purchases here, and there is no salary that has to be paid to keep it integral. The position that only the country's private producers and distributors of electric current must be allowed without a word to book 5 billion francs in profits without public taxation was not the Liberals' position last week, but the Christian Democrats'. Freddy Willockx must have wondered more than once whether the ACW [Christian Labor Movement] really *exists*. Via the electrical resistance the SP now appears to have trodden by oversight on "the very heart of capitalism." Maybe the party will now just have to learn to live with its sparring partner's ugly wound. From the stock exchange quotations it actually appears that that Willockx from Saint-Nicolas has caused EBES stock to drop 235 francs a share in 1 week's time.

At 1,790 francs, that stock is actually at the lowest price in 10 years, and all because the concern has been marked down for more inspection, more control, and new forms of taxation. France is not the Soviet Union, but there all those things have been nationalized for two generations. After the stock had been a subject of controversy day in and day out, the last argument that could be thought up appeared in DE STANDAARD Friday [17 October]: "And of course Flanders will again have to contribute more than Wallonia." In other words, better the Générale than than give a Walloon anything.

Coalition agreements are less taken up these days with reforming the whole state or with promising prosperity through courage for no less than the whole of society than with *a' hoc* solutions for the problems of the day. It has thus become possible for party congresses to become shorter; it has become more and more of a routine to vote for yet another fresh coalition. Arch-cabinet-former Wilfried Martens is thus working on his third cabinet agreement in barely a year and a half. In 1975, as party chairman in Dendermonde, he was concerned with the Socialists' hearse, butparadoxically enough, a Lazarus seems to have arisen from it. After the rocket question and the profits of the private partners in the mixed intercommunal enterprises, future cabinet-former Martens can be sure that the crucial issue for his fifth government will definitely be the tax on personal property. No normal family can maintain that it cannot get by with its 5 million (francs) a year, unless it is obliged by historical circumstances to live in an ancient castle that needs a hectare [about 2.5 acres] of new roof. The obligatory investment in government securities above 5 million is a harbinger of the approaching confiscation of the fortune. The people that are saddled with the naturally worthless bank post bills are officially numbered at 3,606. In 1979 they numbered only 2,940; their number is thus growing before our eyes. This, of course, is not entirely the result of inflation, but also of the circumstance that here and there it is still possible to do a good piece of business. That is also well known.

After the cabinet formation consultation had to be interrupted on its very first day for the big anti-fascist meeting, the assignment of portfolios had to be postponed once again on Monday [20 October] for a big demonstration on the same subject. If the League for Human Rights keeps on that way, the king will soon be waiting again at Laken with the champagne ready for the swearing-in. A quiet, largely unnoticed reform is that the number of portfolios has really remained the same since the constitutional reform. The regional and communal goings-on just require 16 ministers. Our cabinets just seem so expanded because the sub-excellencies remain in the picture until the next elections. In fact the cabinet-former can only form little national cabinets of fewer than 20 members. With 33 ministers Martens IV will only number perhaps 17 members of the Belgian cabinet.

The Chinese ideogram for *crisis* consists of three characters, of which the first means *danger* and the other two, with the addition of another radical, represent the concept *chance*. Of the 71-page coalition Paul Vanden Boeynants said that it was well balanced, Karel van Miert that it was a defensible agreement, André Cools that nothing is perfect in this world, but Wilfried Martens that after the shortest negotiation since the liberation it was an ambitious program. The social and budgetary due dates are approaching at furious speed, and the whole country sees the danger. With 200,000 francs of public debt in the layette of every new baby and with 335,555 unemployed, you really have to be the indestructible Martens of Sleidinge to give yourself any chance at all.

8815
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## CVP'S ATTITUDE TOWARD MARTENS IV GOVERNMENT DISCUSSED

Brussels KNACK in Dutch 22 Oct 80 pp 29, 31

[Article by Marc Reynebeau: "Applause to All Alike"]

> [Text] They thought "nay" and said "aye," the nearly 2,000 participants in the CVP [Social Christian Party] Sunday in Ghent. It was a similar kind of schizophrenia that led them to attack primarily the future coalition partners--the socialist parties--and not those who left the previous cabinet--the liberals.

Cabinet-former Wilfried Martens added that two thirds of the present government program has been carried over from the preceding one, to which the liberals had agreed, and Leo Tindemans, the party chairman, let it out ("only a few know that") that the question of the 3 billion for the KMO's [small and medium-sized businesses], over which the Martens III cabinet fell, because it was a breaking point for the liberals, is now included in the Martens IV government declaration.

What the socialists were reproached for was not a little. Their theses on matters of defense and foreign policy were described as "snobbish" (by Erik van Rompuy, chairman of the CVP youth organization), their behavior as "undermining the state" (by Hugo van den Berghe); Pol Marck, Louvain, of the Flemish Farmers League, paraphrased the socialist view of families as that of "families with two incomes and few or no children, who draw little from the public." That sort of thing: an un-Christian view of the family, a stiff-necked attitude in connection with the electric power sector (in which connection it is quite rightly observed that the socialists simply want to see the mixed intercommunal concerns die a natural death from lack of profitability) and taxation on large fortunes, the opposition to a CVP minister of national education, the question of extending the cultural agreement to matters connected with persons; in short, the "ideological fiddle-faddle" of Karel van Miert and "his old campaigners of '68," as Van den Berghe said more than once, -- the socialists were given a rough time. It seemed to bother a good many that they would have to collaborate with such a partner in the new coalition.

That the liberals were no longer in was regretted not because of ideological agreement or anything like that, but for definite electoral reasons. Especially Albert Coppé, a former member of the European Commission, KUL [Royal University of Liége] professor, and man of the Société Générale, gave the government only a few months, and then he would feel the CVP's defeat in the election chiefly because they could

otherwise have worked with the liberals.

Then what is really the problem for the CVP? Perhaps the participants in the congress did not know themselves. According to one speaker it was not favorable enough to families and children; to another it was. Another complained about too little "prosperity thourgh courage" in the government program, but that was contradicted by a later one. *And all got equal applause.* The peak of confusion seemed to have been reached when Tindemans in his concluding speech said that the CVP should no longer stand for it "that cabinet assistants of ministers conclude political agreements with colleagues from other parties which the CVP is not aware of and has not approved, but which can lead to unacceptable but irrevocable political consequences." Although this passage, too, enjoyed a great deal of public applause, nobody really seemed to know what Tindemans was really driving at; even Martens's office chief Jean-Luc Dehaene looked around him in surprise.

A key word that was heard repeatedly was "polarization." For so much is clear: when everybody on the podium, starting with the party chairman, called upon the party for a clearer profile and its ministers for more steadfastness of principle, that means that the party does not find its place in that "polarization." This word must mean something like a clear demarcation of standpoints, especially in the socioeconomic field. Hugo van den Berghe was the clearest in this: to him, polarization is the opposite of the CVP harmony model. Nor is there any doubt about what all this refers to; to him, polarization leads to class conflict. As a class party the CVP acknowledges no such path.

That has become clear during the past months, when during the discussions of social security and the 1981 budget the liberal and socialist coalition parties in particular were in a clinch, and nothing but calm was to be observed in Tweekerkenstraat. The radicalization of standpoints, when it comes to real problems, the solution of the economic crisis, calls for an outspokenly concrete position, so that liberals and socialists were unable to come to an agreement with each other; it is a question of choice, of the prescription for the solution of the crisis. For the liberals it is cleaning up the public finances and reducing taxes. For the socialists it is promoting employment by stimulating purchasing power. With the Christian Democrats it is much harder to describe. The disputes about recognizing the CVP's economic program of "prosperity through courage" in the coalition agreement demonstrates that fully.

## Self-Examination

It is thus not surprising that the Ostend member of parliament Maria Vandenbussche enjoyed a great deal of applause when she dreamed aloud of an opposition cure for her party, during which it could "revitalize" the 1945 Christmas program. Perhaps it is the inapplicability of the socioeconomic center idea (favorable to the family *and* favorable to industry) in a period of crisis that appears here. A serious trouble calls for drastic solutions, and not for blowing hot and cold. That is why chairman Tindemans could think of nothing better to say than that "the CVP stands up all alone for the weak in society," but at the same time "will assist the more competent in developing their capacities."

Such a crisis wears a party down badly, because its own face, that of the "Third Way," as Erik van Rompuy called it, becomes unclear and even unrecognizable. One does not discard one's own face by demanding exclusively that the portfolio of

education must be put in CVP hands, that those of culture and of cooperation for development must remain in CVP hands, and that salaries in the sociocultural sector must be paid out on a priority basis, because 90 percent of that sector acknowledges the Christian Democratic idea.

"The party is not in crisis or divided," Tindemans said in spite of all this. But it was not only on the podium that it was hard to be convinced of the contrary; in the corridors, too, the discontent was noticeable. The symbol of it is still the cold war between Tindemans and Martens. This much is clear: at the congress there was much less applause for Martens than for Tindemans. And when the congress is over, look at how they avoid each other's eye and have to be reminded of each other's presence before they shake hands for the press photographer. The evaluation of the past cabinet term by some speakers sometimes hit Martens hard. Such a person as Albert Coppé made it clear that the mortgage interest rate in our country is simply an autonomous decision of the government, which should not be affected by any international monetary or financial situations. In a country where the interest rate is 14 percent, there is no building; no wonder the construction sector is hit. It is that simple.

Wilfried Martens (according to one speaker only "the possible future prime minister") could give no better answer to that than to say that both families, the liberals as well as the socialists, "were playing with fire" during the past term, only the CVP remaining consistent. The question is what consistency that may be. As state party, as the CVP likes to call itself, perhaps the time has really come to take a look at itself, so that clarity can come into the ambiguousness, which in the first place is doing the party no good. The coming elections will show.

8815
CSO: 3105

PVV CONGRESS EVALUATES STATUS, PROSPECTS

Brussels KNACK, in Dutch 21 Nov 80 pp 33-34

[Article by J.G.: "The Liberals' Lost Honor"]

[Text] On Saturday of last week [15 November] the biggest opposition party in Belgium held a congress. Originally it was the intention that the Liberals would discuss further participation in the government. By force of political circumstances the meeting was redesignated as a different kind of evaluation congress.

That evaluation congress of the PVV [Party of Liberty and Progress] was held, for a change, in a hall of a closed-down textile mill in Turnhout. A chilly concrete room which, before it was turned into a meeting-hall, had also housed a furniture business. But it is not so much in the chilliness of the surroundings or in the poor acoustics that the reason must be sought for the fact that Karel Poma, chairman of the congress, had so much trouble keeping his people under control, as in the fact that those present already had the feeling that circumstances had made this congress superfluous. For what did Chairman Willy De Clercq really come here to say? Throughout his speech he attempted--while Frans Grootjans and Herman Vanderpoorten sat side by side listening like two sphinxes--to convince his hearers of two facts. First and foremost that the party, the PVV, had not done badly in the Martens III government as a liberal group, and second, that the same party had lost none of its credibility by that brief adventure. "I think," De Clercq said in so many words in the course of the half-improvised speech, "that we have come out of it as a consistent party, but I cannot back that up with scientific arguments." Although it might have been very hard, he did make an attempt to prove that thesis after all. He pointed, for example, to the taxes, which, according to De Clercq, "have been reduced for many among us by 15,000 to 35,000 francs." But even the most hardened Liberal--former chairman Grootjans, by the way, admitted it almost openly--realizes that the effect of the reduction in the direct taxes was, so to speak, nullified by the increase in indirect ones. That the modal Belgian employee now has 15,000 francs less deducted for the state (as does *not* appear from the repayment letters being distributed at the moment) but through a different channel must pay five times three thousand francs more will surely temper the enthusiasm concerning the PVV and its participation in the government.

## Third Chamber

But that tax reduction is just about the only thing the PVV can boast of after its not very nice adventure. Saturday at Turnhout several speakers rose from their seats to point out the fact that their party at least put the country on the track of dualism. But although it certainly will be put into the annals of the PVV, all those speakers passed over the fact that the only reason the Christian Democrats and the Socialists had in the spring of this year to draw the Liberals into it was that without them or simply without *someone else*, dualism could not have been voted on. And even in political terms, it is hard to elevate *being used* into an achievement.

Beyond those two points--tax reduction and dualism--De Clercq did not extend the evidences of his credibility. He fell back on the language that he resorted to throughout 1979 and the beginning of 1980. For in Turnhout just as before De Clercq went over again the value of the KMO's [small and medium-sized businesses], the creativity that can save us from this country that is slowly silting up, the foreign debt that is rising so dramatically, and then finally the trade union song and dance. De Clercq emphasized that no anti-union label must be attached to his party, but he repeatedly went over the politically responsible persons "who meekly wish to submit to the dictates that come from the cenacles whose leaders are not elected by the people and therefore bear no political responsibility." Or as a variant, the *Third Chamber* that threatens to be installed in our parliamentary system, insofar as that has not already been done.

The PVV was unable to think up any new point, any fresh theme for this congress. Unless there is something new in such subjects as the Decline of the West and the corruption of the *mores*. For De Clercq did refer to the anarchy that is showing up more and more clearly, and the Weimar Republic that is standing at the door. But besides the threatening images he tried to evoke by all this, he also talked about doctors on strike, state employees that go demonstrating in official dress, people who during a strike even threaten to turn off the electricity of hospitals, the phenomenon that fraud is elevated into a virtue, and--strangely enough--about vile automobilists that do not abide by speed limits and that have anti-radar devices installed in their cars to avoid fines.

It is probably not the first time that the Liberal Party has taken the field with a home-made ethical revival. But now when Leo Tindemans of the CVP [Social Christian Party] has for some time dropped that technique of persuasion, it does not look like a very imaginative approach on the part of the Liberals to go digging in just that corner.

## Flying Colors

Anybody that may have thought that the differences that exist within the Party for Liberty and Progress would rise to the surface at this congress was wasting his concern. Frans Grootjans did not even think it worthwhile Saturday to ask for the floor. He probably did not want to stand his chairman, and with him his party, up against the wall. But Grootjans's Antwerp federation has let it be known repeatedly during the past 6 months that it had little use for the Liberal participation in the government. In that they were expressing the feelings of a large part of the Liberal rank and file, which the PVV saw increase so strikingly in the last elections, thanks to the then practically unstained credibility.

The Antwerp federation did not send its most important man, Grootjans, to the podium, but sent the local chairman, who blandly said that the PVV had *left the government with flying colors*, and at the same time heaped eulogies on the central committee, just as if there had been no difference of views the whole time between Brussels and Antwerp.

The only differences that were expressed in Turnhout are hardly worthy of the name. The fact that the Liberal Flemish Student Union's representative opposed, in the name of his organization, the immediate installation of the rockets and the increase in the defense budget, and said some rather scornful things about Zaïre and that country's boss, Moboetoe, does rather run against the Liberal Party's government practice, but even a Herman De Croo regarded that outburst as commonplace and so kept smiling encouragingly at the student representative.

And then there was Guy Verhofstadt of the liberal youth movement, who in oh, such cautious terms set the door ajar for a sort of liberal front formation ("concentration") across party lines. That might perhaps have turned into something really new, but the trial balloon hardly lasted an hour. Willy De Clercq simply stamped that suggestion into the ground with belittling references to the *leoliberals*, to the Eric Van Rompuys, who in a manner of speaking, according to him, made free with liberal thought.

At the evaluation congress it did not become clear where and how the party means to win back its lost honor. De Clercq may assert that the credibility is not affected in any respect, but in Turnhout there were probably not a hundred Liberals that shared that opinion at bottom. The PVV chairman, who after all was the first to swap the very comfortable PVV position with every possible chance of gains in any elections for a very desperate adventure, could hardly assert the opposite without shooting himself down.

The latest PVV congress--in contrast to earlier editions--was not a model of the so-called *fresh thinking*. Neither the party nor its chairman broached a single new subject. And in politics it is impossible for anybody that cannot do that to score. So we look in vain in the PVV for anybody that can. Unless, of course, you dredge Frans Grootjans up again, or the young Verhofstadt, who with the election of *his Patrick Dewael* as one of the new vice chairmen of the party got one more pawn in the game and has climbed yet another rung higher.

8 15
CSO: 8114/0254

DENKTAS COMPLETES CONTACTS IN ANKARA

Istanbul CUMHURIYET in Turkish 26 Oct 80 pp 1, 7

[Article by Sedat Ergin: "Denktas Receives Assurances"]

[Text] Ankara, 26 October--CUMHURIYET--TFSC President Rauf Denktas, in the course of talks held in Ankara, received assurances that no changes are being considered in the policy the Turkish side has been following in the Cyprus question regarding basic principles, nor are there any major concessions under consideration.

Among the topics on which there is an agreement of opinion are that there is to be no going back on the position regarding Varosia and that the view holding that the solution arrived at would be based on a principle of equality continues to be valid.

Denktas and his Foreign Minister Kenan Atakol met with Head of State General Kenan Evren, Prime Minister Bulend Ulusu, Assistant Prime Minister Zayyad Baykarra, and Foreign Minister Ilter Turkmen, in the first meeting of top-level leaders of the TFSC with the new administration that came to power after 12 September. Since it has become a tradition that following every change of government in Turkey, Denktas has come to Ankara to review the Cyprus problem with the new administration, the primary dimension of the talks in Ankara was directed towards this goal.

At What Stage Are the Intercommunal Talks?

The second crucial aspect of the Denktas visit concerned the latest developments in the Cyprus problem. In Ankara, highest level discussions with Denktas evaluated what sort of strategy would be followed in this framework during the intercommunal talks, which have concluded their first round. In this evaluation, various aspects of the problem were taken in hand prior to the second round which will signal the beginning of the real bargaining, and the Turkish position's present state was ascertained.

Diplomatic observers in Ankara made clear that the first round of negotiations had come off more as a "warmup round," that in this round both sides had presented their respective proposals on main points such as Varosia, the land question, the constitution, and practical precautions. In the second round of negotiations, which is to begin in the near future, real negotiations touching on the essence of the problem will begin.

Officials state that this second round of negotiations will clarify how much flexibility the two sides will show on these points.

Statement by Denktas

TFSC President Rauf Denktas left Turkey yesterday at 0945 by plane.

In a statement given prior to his departure at Esenboga Airport, Denktas said: "I am very satisfied with my discussions. I can say that the exchange of views took place in an atmosphere of complete agreement of opinions. I return to Cyprus feeling strengthened."

9620
CSO: 4907

## KAZIM BLASTS GREEK-CYPRIOT PROPOSALS

Nicosia BOZKURT in Turkish 18 Oct 80 pp 1,4

[Statement by Dr Semsi Kazim, vice president of the Turkish Cypriot Federated State Parliament: "The Aim Is to Endanger the Turkish Presence on Cyprus"]

[Text] Nicosia, 18 October--In an analysis of the territorial proposals presented by the Greek-Cypriot side at the intercommunal negotiating table, Dr Semsi Kazim, vice president of the Federated State Parliament, stated that the Greek-Cypriot side still lacked the expected good will and common sense. Dr Semsi Kazim, who said that the Greek-Cypriot proposals that had been put forward meant opening the way for their final goal of Enosis, continues as follows: "The Greek-Cypriot side, with a great deal of impudence, demanded the principal vital areas of settlement of the Cypriot Turks and the regions which would assure our economic development.

"Under the Denktas-Makarios accord on principles, the land question was to be handled on the basis of ownership, in a form which would assure that both communities would preserve their existence on a basis of economic viability and security. This principle was also accepted later at the Denktas-Kyprianou summit meeting."

### They Want to Upset the Balance

Stating that the Greek-Cypriot proposals were aimed at endangering the existence of Turks on Cyprus, Dr Semsi Kazim continued his statement, giving the following views:

"The Greek-Cypriot side, by demanding Guzelyurt, the Mesaoria plain, the Karpas Peninsula, Famagusta, Degirmenlik, and several other areas which contain our principal places of settlement and agricultural resources, want to reduce the ratio of land in our hands to 20 percent. With these proposals of theirs they aim at taking away our property rights and at usurping our lands.

"The Greek-Cypriot administration, which cannot stomach the fact that the Turkish Cypriots have been living in peace and contentment since the 1974 Peace Operation, is trying to upset this equilibrium and is aiming at bring back the conditions of 1963 and what followed thereafter.

"Our people suffered for years under Greek-Cypriot atrocities, they were looked down upon, subjected to every sort of inhuman attitude and action. Our people, who for years had been turned into refugees and forced to live in tents, will not be made to return to those conditions. Our people are aiming for an honorable solution udner which it could live in a manner befitting human beings, and they will not forget the torments which they suffered for years.

"We hope that the Greek-Cypriot side will give up its illusions and that they will come to understand that Turkish Cypriots also have the right to live as human beings. Given this kind of understanding, a just and peaceful solution for this problem can be found. Otherwise it will be the Greek-Cypriot side that will be condemned to bear the burden of responsibility for a settlement and for its own inflexible position."

9620
CSO: 4907

FAEROES WORRIED ABOUT ECONOMIC CRISIS BEFORE ELECTIONS

Stockholm DAGENS NYHETER in Swedish 5 Nov 80 p 56

[Text] At the same time as 80 million Americans proceed to vote, another, at least as bitter, election campaign is under way in one of the world's smallest countries. In the Faeroe Islands new elections will be held on Saturday, after the government has fallen over a timetable.

But the most important question for the future of the Faeroe Islands -- how the sea around the islands is to be saved from depletion of fish -- is not brought up in the election campaign.

Torshavn, Nov -For the first time in 1,000 years the Faeroese Government has fallen and new elections have been announced.

The new elections are an awkward story. While the country is wrestling with problems in the form of large foreign debts and a total change in the fishing industry, the coalition government fell over a trifling matter: a dispute over the timetable of a state-owned passenger ship.

"The new election was inevitable. There were too many oppositions within the coalition," says the head of the government, Lagman Atli Dam.

It was in September that the conservative People's Group decided to turn the issue of the passenger ship Smyril into a fateful question for the Faeroese Government, the Landstyret.

For 6 years the Smyril has run with freight and passengers between the Faeroe Islands, Norway, Scotland and Iceland. The Conservatives' coalition partner, the Social Democrats, Javnadarflokken, now wants to continue the service in the winter as well.

But the Conservatives flatly state: In that case, the Smyril will take away freight from the privately owned shipping lines and jeopardize their existence. There are three privately owned shipping lines on the islands and the ties between them and the Conservatives are intimate.

'No Middle Course'

The Social Democrats had already earlier clearly stated about the Smyril: Either she runs in the winter or the government will collapse. The result will be new elections on 8 November.

"There was no middle course. This is why we were forced to call new elections," Atli Dam says.

He is the weighty politician on the islands, the one who has an overview of most everything and whom no one dares bypass on important questions. He looks to be suffering from stress, as if he were on his way somewhere even when sitting still.

Atli Dam's office is built on the rocks down by the harbor in the capital of Torshavn which since 927 have been the seat of the heads of the nation. Inscriptions can still be seen in the rocks of kings and bishops who in the Middle Ages marked their special rock during meetings of the Lagting.

Today the Faeroe Islands are formally a part of the Danish realm, but the Landstyret has successively assumed control over one institution after another and now has nearly complete political autonomy, with all that it implies of tactical party-political play.

For 10 years Atli Dam has been the hub of the political wheel and he has nothing against remaining as Lagman, as the head of the government is called, even after the election.

"Provided that we Social Democrats can put our mark on politics in the future as well," as he expresses it.

The question of Smyril's service may certainly look like a trifling matter, but in a country which due to its isolated location is dependent on sea transportation the issue of the Smyril is important -- to the interests which are involved in the transports.

In the long run the conflict deals with deep oppositions between Social Democrats and the other two parties in the coalition, the Conservatives and a small independence party.

The three parties have had a difficult time cooperating and the general opinion in the Faeroe Islands is that the Conservatives have used the Smyril affair in order to have an opportunity to dissolve the cooperation.

Inevitable

"A breakup was inevitable sooner or later. Basically, the question is how much the state should be involved in the traffic of freight and passengers. But the controversy has also involved the shaping of the tax system, state subsidies to commerce and industry, social policies and so on. One only has to compare the party programs in order to understand that the cooperation cannot function without friction," Atli Dam says.

A question which previously deeply split the 43,000 Faeroese, the question of their relationship to the mother country, Denmark, is nowadays secondary in the politics. Today, the independence struggle is only pursued by the parties on the extreme left.

Atli Dam looks almost embarrassed when the matter comes up.

"It isn't for me to speculate about whether we could manage better without Denmark. I, for my part, don't believe so, but there are others here on the islands who are more interested in discussing that matter."

Fishing a Fateful Issue

The Faeroe Islands have a form of veto right against Danish decisions that may affect the island adversely. For example, the Faeroe Islands have refused membership in the EEC, despite Denmark's being a member. Membership in the EEC would be the fatal blow to the already hard pressed fishing industry, if the fishing fleets of the EEC nations were let into the Faeroese waters without restraint.

Fishing is considerably more of a fateful issue than the questions of freedom from Denmark or whether or not the Snyril will run in the winter.

But the fateful issues, those issues which are decisive for the future of the entire Faeroese society, are not mentioned at all in the ongoing election campaign. No one has any answers to how the large foreign loans are to be paid, how inflation is to be halted or how the Faeroese waters should be protected from the depletion of fish which has been the result of the big change underway in the fishing industry.

Reduced Distant Fishing

This was a change forced on the Faeroese fishermen against their will.

Previously, 90 percent of the fish was caught along the coasts of Greenland, Iceland, Norway, Denmark and Great Britain. Since these nations recently expanded their fishing limits to 200 nautical miles, the Faeroe Islands have done the same and at the same time have been forced to cut down on distant fishing. In the years before several millions had been pumped into the special fishing equipment needed for faraway fishing.

"Yet it was not wasted money. Today we can rebuild the boats a little and use them for domestic fishing. In that way we make use of the investments made before the time of the expanded fishing limits," Atli Dam says.

In 3 years fishing far from the shore has declined from 90 to 30-40 percent, calculated on the value of the fish.

Today, there are Swedish fishermen, among others, in the Faeroese waters.

"In the long run foreign fishing in Faeroese waters must be cut down considerably since the risk of excessive fishing is great. We already know of a 30-percent reduced catch of cod in the last 2 years."

Dependence on the fishing industry, which accounts for 91 percent of the export, makes the country sensitive. Certain new investments have been made in shipyards and the fishing equipment industry, but this industry suffers from the same sensitivity to the economy as the fishing. If fishing declines, as a result of excessive fishing and reduced catch quotas, the other industries will be eliminated as well.

11949
CSO: 3109

## COMMENTATOR HITS U.S. DEFENSE BUDGET INCREASE

DW081455 Munich SUEDDEUTSCHE ZEITUNG in German 8 Dec 80 p 4

[Commentary signed A.: "Ecstacy of Arms Billions"]

[Text] The U.S. Congress will allot more money for defense purposes next year than the government has asked for. With the astronomic figure of $160 billion, the next defense budget will be almost $6 billion higher than Carter's estimate; the sums are an indication of the mood in the country.

One must take into consideration that the billion budget of 1981 has been adopted by the old congress where both houses were dominated by the Democrats, and that the envisaged expenditures next year will be most likely increased by supplements. An arms race with the Soviet Union is not merely threatening--it is in full swing already. Ronald Reagan, the future president, has embarked on a most costly, politically dangerous and, as many experts maintain, militarily senseless course, setting himself the aim to overtake in the end the allegedly by far superior Russian armament. The real increase of U.S. military expenditures, that is with full consideration of inflation, will probably amount in 1981 to at least 5 and most likely 6 percent. That explains the discontent of the Americans in view of the hardly 3 percent defense budget increase of the West European allies, who should continue more calmly and with more self-confidence than before to resist Washington's agitation and panicking.

First, Russia must be armed more and more against China. Second, America's European partners today provide five times more for NATO ($96 billion in 1979) than the allies of the Soviets provide for the Warsaw Pact. The expenditure policy of the U.S. Congress, characterized by erratic emotions, may not become a model for the Europeans.

CSO: 3103

ROLE, STRUCTURE, ARMS OF BUNDESWEHR INFANTRY

Bonn WEHRTECHNIK in German Nov 80 pp 52-62

[Text] "Queen of Battles" or "decline of a combat branch rich in traditions"--that is the over simplified way in which the role of infantry has been described very recently in quite a few discussions. Opinions clash above all in connection with the planning and decision on the fourth army structure and in connection with considerations expressed just recently by Brig Gen Franz Uhle-Wettler in his book "Gefechtsfeld Mitteleuropa-Gefahr der Uebertechnisierung von Streitkraeften" [The Central European Battlefield--Danger of Excessive Technologization of Armed Forces] (published by Bernard and Graefe, 1980): in the book, the author deplores the excessive gadgetry in modern ground forces and, as solution, he offers "light infantry," which, if anything, resembles the earlier image of the infantry. On the other hand, some ideas were expressed here which no longer consider the "conventional fightingman" in the person of the infantryman to be in step with the times on account of the tremendous development of fire power--meaning here, by way of an impermissible restriction of the concept, the unarmored infantry which fights dismounted and which in the German Army as rule is referred to as the Rangers. In the following article, WEHRTECHNIK tries to draw the picture of infantry, such as it is being seen for the coming decade by decisive circles. The article is supplemented by a description of the organization and equipment of the various combat branches which are now included in the army's infantry.

Infantry--Indispensable for the Army?

One thing is certain and that is that the fundamentals of command, organizational structure, equipment, and training of fighting forces--including the infantry--changed at partly breath-taking speed during just a few generations.

Weapons-engineering innovations brought about profound structural changes. Combat branches disappeared, new ones--for example, the armored forces--came up. Others, such as the infantry, within short intervals of time experienced repeated major changes. Rapid-firing rifles, machineguns, and the tremendously increased power and impact of fire--in this particular time sequence--over a period of hardly more than 100 years produced far-reaching tactical and technical changes in infantry. Combat operations by compact formations yielded to patterns of dispersion. Under the thunderstorms of steel during World War I, infantry combat became rigidified into systems of trenches. The introduction of armored vehicles and the development of military air transport created new subdivisions within the infantry: armored infantry and paratroopers. But in spite of all this, even the "conventional" infantry retained its significance.

At all times, the particular generation of soldiers often passionately and conflictlingly judged the developments necessarily arising from the changes that had taken place. One thing is certain however: it is the most important mission of all responsible soldiers to draw the necessary conclusions from changing environmental conditions at the right time and in the proper manner regarding tactics, strength, and organizational structures of armed forces. The necessary changes must then be implemented consistently. That also applies to the infantry of the West German Armed Forces and of the Army.

Infantry--Versatile, Specialized Army Fighting Component

As in all modern armies, infantry became one of the most important and numerically strongest components of the army when the West German Armed Forces were built up 25 years ago. It included, until the early seventies, the armored infantry (APC), the armored infantry (MTZ), the mountain infantry, the paratroopers, and the TDs.

According to the command regulation HDv [Army Service Regulations 100/100] (Army Service Regulations 100/100 "Command in Combat," dated September 1973, No 420), of the Army, which has been in force since 1973, the infantry includes the following components:

Rangers,

mountain infantry,

paratroopers and

armored infantry.

This brief overview already shows us three things:

Even during the 25-year history of the West German Armed Forces, the image of infantry changed several times.

From motorized armored infantry, which prevailed during the early buildup time, the emphasis was shifted to armored infantry (APC) during the early sixties.

The third army structural organization since 1968 caused a rebirth of the conventional, original infantry with the so-called "Ranger Concept." Further developments in weaponry--above all, the further increase in the effectiveness of artillery and AT weapons as well as the mechanization of infantry in the armies of the Warsaw Pact--ushered in a renewed shift within the army and the "Infantry System" during the fourth army reorganization.

The image of "uniform infantry" is long outdated. Infantry today covers a manifold mission spectrum. Differing organization, equipment, and training are the logical consequences. In addition to that there is the fact that, within the armored infantry likewise and in the various Ranger units, there is a broad spread of the most varied functions, from motor vehicle mechanic via the logistics clerk and the recon patrol leader all the way to the MG gunner. And even within the squad, as the smallest unit, there is no uniform mission. Among the nine men, for example, who go into action as armored infantry squad on the APC, each one has basically different assignments or at least different secondary duties.

This multiplicity and versatility of the infantry is further enhanced by the fact that almost all infantry units have their own heavy weapons in the form of armored mortars and mortars and that they have a considerable AT capability because they are equipped with PAR$^{S}$ (AT rocket systems).

It is just as logical to specialize this many-sided capacity of the infantry, in other words, to optimize it so that it will be able to handle certain primary missions. The infantry provided for the armored brigades and the armored infantry brigades--that is, the armored infantry as such--must have the necessary mobility for its type of combat operations featuring a rapid alternation of type of combat operation and fighting method and they must of course also have the necessary armor protection.

On the other hand, the "Special Forces" are intended for house-to-house and forest fighting, for operations in rough terrain, for fighting to win difficult terrain sectors, and finally for airborne operations and they must be so combined that they will be able to be most effective, in combined arms operations, at points of infantry main effort--as provided for in the fourth army reorganization quite obviously for the Rangers, the mountain infantry, and the airborne forces.

Infantry--Essential Combat Element Also in Fourth Army Reorganization

In the course of the fourth army structural [illegible]ization, the infantry--contrary to assertions made occasionally by people who ought to know better or statements made unknowingly--will account for a significant share of the fighting units as such.

It is true that changes do take place within the infantry--essentially as a consequence of the change in the threat situation and the analysis of the terrain structure in the operational areas earmarked for forward defense.

The partial turn away from the Ranger concept of the late sixties and the concentration on AT defense and fast, mobile defensive operations in a restricted area will increase the share of the armored infantry. But that applies only to peacetime strength. During situations of tension and in case of war, the Rangers will definitely grow, as compared to earlier army reorganizations, within the field army and in the Territorial Army, where the emphasis will be placed anyway.

The number of APCs will probably remain unchanged as compared to the third army reorganization with about 2,140. The number of AT defense systems assigned to infantry on the other hand will be multiplied: from about 300 assigned so far it will go up to about 2,900. The altered concept behind the fourth army reorganization is expressed in these figures and here we find the emphasis on AT defense as well as mobility and area coverage in defensive combat operations.

This conceptual foundation for the infantry will now be briefly sketched in the following chapter.

## Infantry--The Threat-Oriented Concept

First of all, let us make one thing perfectly clear: a specific organizational scope involving units can be neither "something inherited" nor some kind of "natural phenomenon." Depending upon the development of the decisive factors, it must always be newly determined when decisive changes so demand. Essential factors here are command concepts, weapons-technology and structural developments by the potential enemy. The specified personnel and financial overall framework for the peacetime and wartime strength of the fighting forces cannot simply be ignored since it is an important factor in planning. Thus infantry can always be conceived only within the overall planning volume of a system of differing types of units which will be as balanced as possible.

This viewpoint however is often disregarded in the course of discussion.

## Developments in the Warsaw Pact

Looking at the threat as such, we can observe noteworthy developments over the past decade in the ground forces of the Warsaw Pact: the older battle tanks are being replaced in the fighting forces of the Soviet Union but also in some of the fighting forces of the western satellites in a comparatively concentrated exchange of generations with the most modern battle tank, the T-72/T-64. Experts estimate the number of tanks of that type placed in service by the end of 1980 at more than 12,000.

The number of artillery pieces in the divisions has been increased. It is above all the introduction of armored artillery pieces which demonstrates the endeavor constantly to guarantee strong fire support for the fighting units even in case of vast and far-ranging operations. The introduction of the BMP armored personnel carrier, which enables the infantry to conduct mounted, mobile combat operations to a much greater extent than before, points up the urgency with which the ability of the Warsaw Pact ground forces in recent years has been developed for large-area attacks over greater distances. The image of massed Soviet infantry, such as it still lingers in memories dating back to World War II, is a thing of the past.

The infantry of the Warsaw Pact in the future will if anything conduct mechanized combat operations. Extensively protected against fire from light infantry weapons and area fire from artillery, it can conduct rapid operations in close cooperation with tanks; it can exploit weak points in the defense in order quickly achieve deep penetration. The airborne operations in key areas--the Soviet Union maintains the world's strongest airborne forces--will support these operations and partly make them possible to begin with.

On the other hand we must assume that the ability and readiness to conduct attack operations through vegetation-covered and built-up terrain if anything will decrease rather than increase. The rule will be to dismount only where the effect of the defense makes this necessary by virtue of fire, barriers, and/or terrain obstacles and where it is impossible to get around these places.

Here is what that means regarding the organizational structural of our own infantry: Requirements addressed to our infantry can, during the next decade likewise, be met neither by mechanized infantry (armored infantry) alone nor by the Rangers, alone. What we need is an "Infantry System" within the context of a balanced overall army system with the following features and capabilities:

Infantry in the form of armored infantry which, in close conjunction with the other combat branches--especially the tanks--will be in a position, in the course of frequently rapidly changing situations, to beat off enemy attack operations involving armored and mechanized forces in depth. This infantry force must be mainly integrated into the 17 armored brigades and the 15 armored infantry brigades of the fourth army reorganization.

Rangers will develop even more than has been the case so far into a "Special Force" for combat at infantry points of main effort. It was learned in many maneuvers that the fixed organizational integration into the brigades often turned the Ranger units into a "fifth wheel" as the combat situation kept changing; this lessons seems quite logical for the new structure selected by army planners: To assemble the Rangers on the divisional level in order to assign them from there, in keeping with their special strong points, to infantry points of main effort if the situation so demands.

Deviation from this solution, originally also developed for mountain infantry, must be understood by the outside observer if anything as a concession to the facts of life which have arisen in the areas within which mountain divisions are stationed.

The paratroopers will be available to the three German corps as an air-mobile reserve with a strong AT capability in the strength of one airborne brigade in each case. It will be their mission above all to beef up combat units at defense main effort points or to intercept enemy forces which have penetrated or broken through.

In the Territorial Army, compared to the older organizational structures, we are going to have considerably reinforced Ranger and screening forces which will protect the important areas and facilities and which will preserve operational capabilities in rear areas. The fourth army reorganization introduces definite progress here.

Structural integration, organization, and equipment of the arms of the service belonging to the infantry will emerge from the concept explained here as follows in the new army reorganization.

Missions and Command Principles

"The infantry can be used in any terrain. Its strong point resides in its versatility. Success in combat depends on close cooperation between infantry and the armored forces as well as the other arms of the service. Only the infantry can wipe out the enemy in close combat and can mop up or hold ground that was gained. As far as the infantry is concerned, the emphasis is on combat against armored enemy forces."

This is how the infantry was characterized briefly and accurately in HDv 100/1, No 203, which was in effect between 1962 and 1973. In the currently valid army command regulations, HDv 100/100 "Command in Combat," this description is not specifically listed but to the extent that it describes the manifold action spectrum of infantry it still applies today. And we may certainly assume that the command and operational principles in the fourth army reorganization will remain essentially unchanged. In spite of occasional repetition of earlier statements, we will in the following briefly summarize the essence and tasks of the various infantry components for the benefit of the reader.

The armored infantry, with its equipment and armament, is the strongest fighting unit as well as the most versatile component of the infantry. It will continue to be its mission to engage infantry, lightly-armored combat vehicles, and battle tanks. Moreover, armored infantry is able closely to cooperate with battle tanks. Its combat method is also fashioned by the Marder APC. Its cross-country capability permits the employment of armored infantry in almost any kind of terrain. The versatile weapons issued to armored infantry give the latter extraordinarily great fire power. Depending upon the mission and the situation, armored infantry will fight mounted or dismounted.

But armored infantry will always conduct mobile combat operations in cooperation with APCs in order to utilize the available space, to hit the enemy as often as possible by suddenly opening fire, and to avoid enemy weapons action. Armored infantry finds its strongest point in cooperation with the armored forces.

During the next decade, the Rangers will even more than today develop into a Special Force for difficult infantry assignments. Its mission will be primarily to conduct combat operations in and around towns, in forests, to gain mountain passes and water bodies. In that terrain, which reduces the effectiveness of armored combat vehicles, the Rangers will really come into their own. Rangers fight on foot--as a rule by making use of the terrain--but they do use their vehicles for movement. In addition they are also suitable for air transport.

They get their strength--above all on the defense--in the best possible fashion if they fight from prepared positions. Without that protection, they are exposed increasingly to flat-trajectory fire but above all to area fire from artillery in an unjustifiable fashion. We cannot go along with the view expressed by Franz Uhle-Wettler as to a kind of "light infantry" which is supposed to fight dispersed in space. By means of attack--as a rule using assault squads, often in hand-to-hand combat--the Rangers will force the enemy out of his position and will thus often create the requirements for the employment of armored combat units to begin with. They also have powerful armament, above all by virtue of their equipment with the MILAN AT rocket system.

Mountain infantry fights according to the same principles as the Rangers. But mountain infantry is so equipped and trained that it can fight also in the mountains, with some of its elements in the Alps. That is where its fighting strength and mobility are particularly increased through cooperation with army aviation.

Paratroopers fight like the other Ranger units. But they are equipped and trained for airborne operations involving airborne landings while some elements can also jump. Paratroopers can be quickly shifted around by air and can then immediately go into action.

All the Ranger forces have a special capability to protect areas and facilities or targets but above all they have a capability for Ranger-style combat. This type of combat operation is designed to weaken, to harass, to deceive the enemy through a large number of minor but well-coordinated operations and thus increasingly and repeatedly to force him to take countermeasures. Rangers can thus be used under favorable conditions in suitable terrain and they can tie up a multiple of enemy forces and thus hit the enemy where it hurts.

In combat against stronger armored enemy forces--above all out in the open or in terrain with little cover--the Rangers, on the other hand,

can be used only when they have strong support from tanks or TDs and artillery.

Summary

The initial question as to the role of infantry can be answered by way of summary as follows:

A balanced "Infantry System" will be an indispensable component of the army also in the future--well beyond the fourth army reorganization. Specialization and further optimization regarding tactical employment, technical equipment, and training will likewise continue.

A return to the "standard infantry" of the old days would mean disregarding the changed conditions of warfare during the Eighties in a way that could not be justified.

This applies above all to those considerations which would employe light infantry combat units with "simple weapons" and in a spread-out formation against concentrated attack from modern-equipped mechanized forces. The apparent logic about "far-flung typical infantry terrain," which necessarily requires large infantry forces, presumably, and which supposedly demands "area defense" using light infantry, is no help here! And this is why: Contrary to such lines of argument, vision-restricting ground cover in areas that are decisive for forward defense--and only those are relevant here--does not come to as much as 50 percent but not even one-third of the terrain. If anything, a mix of open and small-surface covered terrain sectors is typical in these operational areas. A balanced system of forces can better accomplish the army's mission there--which is to guarantee continuing forward defense--in the overwhelming view of the experts. Infantry--combined with balanced ingredients of armored infantry, Rangers, and paratroopers--is certainly an essential element of the combat forces which we cannot get along without.

Organization and Equipment

Armored Infantry

We have armored infantry units in the armored infantry brigades and in the armored brigades. According to the new, fourth army reorgnization, each of the German army's 15 armored infantry brigades, in addition to one armored [tank] battalion, has two armored infantry battalions as well as one mixed armored infantry battalion whereas each of the 17 armored brigades in addition to two armored battalions has one armored infantry battalion and one mixed armored battalion. The armored infantry battalion itself, in addition to the HQ and supply company, consists of three armored infantry companies and one armored mortar company, while the mixed battalions (the so-called 4th battalions, whose fighting companies in peacetime are assigned to the other three combat battalions), constitute one or two armored infantry companies, depending upon whether we are dealing with a tank battalion or an armored infantry battalion.

Each armored infantry company has 11 MARDER APCs- and the exception here is represented only by one company in the armored infantry battalions of the armored brigades which is equipped with ten M-113 MTW(personnel transport vehicles). Those 11 or 10 tracked vehicles are distribed over three platoons of three sections, each; accordingly, each platoon has one command vehicle (with the platoon HQ in section strength) and two section vehicles. The 10th MARDER of the company is the company CO's vehicle and the 11th one is used for special assignments such as reconnaissance, liaison, screening, and platoon reinforcement.

Every MARDER has a nine-man crew: Commander, gunner, driver, and six armored infantrymen, whereby the commander at the same time is the company CO, the platoon leader, or the section leader. If we furthermore keep in mind that the commander must lead his section, platoon, or company mounted and dismounted, that the platoon and section leaders--mounted, moreover--half leaning out of the MARDER, must operate the MILAN, then we can clearly see that the commanders have reached the very limit of their performance capacity. That applies especially to the section leaders, mostly young 20-year-old NCOs. The effort of the armored infantry as such therefore is aimed at elevating the commander's slot if possible to a sergeant slot (the same applies to the tank commander) in order to keep him in that job for a longer period of time. The thus attainable reduced job fluctuation is designed to introduce more stability into the units and also to improve training. The platoon leaders are officers (1st platoon) or sergeants.

Because armored infantry must fight mounted and dismounted, its equipment is accordingly designed. The MARDER itself is equipped with a 20-mm rapid-fire cannon, model Rh202, which can instantly be switched from HE/incendiary rounds to cartridge-case-base projectiles [propellant charges] so that, depending upon the assignment, it is possible effectively to engage airborne targets, as well as hard and soft targets. Each MARDER (excluding the 10th and 11th vehicles of the company)--or, more correctly, each section--also has a MILAN launcher frame for mounted combat (installed in the commander's hatch) or dismounted combat. In addition the MARDER has a 7.62-mm coaxial MG in the turret and one MG in a tail mount to engage soft targets and, for each section also one light bazooka, one MG, G-3 rifles and submachine guns. The crew can also fight from the vehicle by using the rifles (from the overhead hatches) or the submachine guns (from the lateral gunslits).

During mounted and dismounted combat, the MILAN, with a range of 2,000 m (flying time 12 seconds, in other words, that is the span of time for which the commander for example must bend out of the vehicle) is the strongest AT weapon. There are no weapons with greater range, especially also fast-reacting weapons against attack helicopters with ranges of up to about 4,000 m.

While the MARDER is probably the most powerful Western APC and constitutes a genuine fighting vehicle, the M-113 vehicles are used in the companies only to transport the crews to and from the battlefield; at most, the MILAN can be fired from them. The crews fight exclusively dismounted and the M-113 is therefore unarmed. But it does have an adapter to accommodate the MILAN and a ground/AA aiming mount for the MG.

The M-113 is also used as armored mortar in the armored mortar companies, specifically, six of them per company, equipped with 120-mm mortars.

Rangers

According to the new army reorganization, the Rangers are assigned to the divisional units (except for the 1st Airborne Division) and the Territorial Army, whereas according to the third army reorganization, we had and partly still have a total of three Ranger brigades in the 2nd and 4th Ranger divisions.

Each division has two cadre-manned Ranger battalions--as a rule for the support of brigades in covered and wooded terrain suitable for Rangers--plus a so-called security battalion, which exists as an equipment-holding unit, to provide security for the CPs. Most of the Ranger battalions however are assigned to the Territorial Army; specifically, we have 45 Ranger battalions which are combined there into 15 home defense regiments for mobile area protection missions. Furthermore, the six home defense brigades (now still called home defense commands) each have two Ranger battalions. While the armored infantry battalions are all present, this does not apply equally to the Ranger battalions.

A Ranger battalion has:

One HQ/supply company (among other things with four earth-moving equipment units for the construction of positions);

Three Ranger companies which are equipped with the UNIMOG 2-t cross-country trucks;

One heavy Ranger company with an armored mortar platoon with six 120-mm armored mortars on M-113;

One AT platoon with six MILAN on 0.5-t cross-country truck.

A company again has three platoons with four vehicles and each platoon has one platoon HQ and three sections [squads].

The Ranger battalions of the 6th Armored Infantry Division stationed in Schleswig-Holstein, are organized somewhat differently; they have ten M-113 vehicles per company.

By way of weapons, the Ranger companies have four MILAN, three heavy bazookas (for battlefield illumination) in the platoon HQ, nine light bazookas, nine MGs as well as G-3 [rifles] and submachine guns.

The Security Batallion is organized in a manner similar to the Ranger battalion but it does not have a heavy company, it has no MILAN AT weapons, and it has no personnel transport vehicles.

Parachute Units

The paratroopers of the West German Armed Forces are combined in the 1st Airborne Division and division HQ is in Bruchsal. Because jumps from aircraft today are rather the exception and because paratroopers are being increasingly sent into action via helicopter, the term "air-landing force" is more appropriate right now. The Division has three brigades in Calw, Saarlouis, and Lippstadt. Each brigade will be assigned to a corps in case of war. Each brigade is organized as follows:

HQ and supply company,

One medical company,

Two paratrooper battalions,

Two airborne AT battalions,

One cadre-staffed paratrooper battalion.

Each parachute battalion in turn has three parachute companies and one heavy parachute company. The heavy parachute company has two airborne AT platoons equipped with MILAN, one field-gun platoon, and one mortar platoon with 120-mm mortars. The transport vehicle to accommodate four men is the KRAKA [Mule], specially developed for the paratroopers; it can also accommodate the MILAN AT weapon or one 20-mm gun.

Each airborne AT battalion has three airborne AT companies with 30 heavy TOW AT rocket systems, each (range 3,000-m) mounted on KRAKA, plus 18 20-mm field-guns drawn by KRAKA.

Most of the equipment and the weapons of the airborne division is air-transportable, either as inside or outside loads on aircraft or helicopters (CH-53). In addition there is equipment which makes it possible to drop vehicles, weapons, and consumption items by parachute. The so-called LL (air-transportable) weapons carrier called WIESEL (armed with TOW or 20-mm cannon) was also supposed to be air-transportable; it was supposed to give the airborne forces a certain amount of protection against shell fragments and infantry weapons. But procurement was not followed through for financial reasons.

Mountain Infantry

This magazine reported in detail on the German mountain infantry units in its issue No 5,1980, pp 88-94. Following reorganization, the 1st Mountain Division will include one armored infantry brigade, one tank brigade, and one mountain infantry brigade which will consist of all of the mountain infantry battalions existing so far; this division will be the only outfit entirely geared toward mountain fighting in the West German Armed Forces. This 23rd Mountain Infantry Brigade, with HQ in Bad Reichenhall, will consist of the following:

Four mountain infantry battalions, each with:

Three mountain infantry companies plus one Alpine platoon,

One HQ and supply company,

One heavy company with six mortars, six 20-mm field guns and six MILAN;

One mountain artillery battalion with 18 105-mm mountain howitzers and

One AT company with 17 gun-TDs.

In addition, the divisional units will have two additional [mountain] infantry battalions as equipment-holding units.

The transport vehicle for the mountain infantry is the UNIMOG 2-t cross-country truck which is also used as a prime mover for the mountain howitzer which can be taken apart and which can thus also be used in the Alps.

Next we have the "all-weather transportation means" consisting of 50 pack mules in one pack mule company. In terms of equipment (with the exception of the pack mules), the mountain infantry is thus equivalent roughly to the Ranger battalions. We might also mention the extensive air-transportability of the equipment so that the mountain infantry battalions likewise can be used for special missions with our available air transport.

Training

Infantry training is basically conducted within the unit, in other words, during the 3-month basic training and later on with the combat units--and the schools are intended only for advanced training of specialist personnel and NCOs. While the armored infantry for example is being trained primarily for dismounted combat, they practice mounted and dismounted combat, both of these in rapid sequence, in the course of full-scale training. The Rangers are being trained in combat operations

in the kind of terrain usually reserved for light infantry and in house-to-house fighting; the paratroopers make their jumps and practice air movement; the mountain infantry gets special mountain and winter training. The ability to move rapidly by aircraft or helicopter by the way is something which all Rangers, mountain infantrymen and paratroopers must master.

The 1st Combat Unit School in Hammelburg trains armored infantrymen and Rangers; it is also the training facility for the Territorial Army. In addition to advanced training, entire battalions are also being trained there in street fighting and forest fighting. For example, for training in street fighting Hammelburg has a specially erected section of terrain called "Bonnland," where training is conducted with live ammunition.

The 2nd Combat Unit School in Munster is the training facility for the armored forces, in other words, also for mounted and dismounted combat using the MARDER APC of the armored infantry.

The Airborne and Air Transport School in Altenstadt trains paratroopers and air transport personnel for the entire West German Armed Forces; besides, it also provides Ranger training and survival training for aircraft commanders.

The Mountain and Winter Warfare School in Mittenwald concentrates on training mountain infantry units in mountain fighting; it also provides mountain and winter warfare training for other components of the Armed Forces.

Structural Integration of Infantry Under the Fourth Army Reorganization

| Organization Sphere | Organizational Sector | Infantry Component | Organized as Follows |
|---|---|---|---|
| Field Army | 17 tank brigades<br>15 armored infantry brigades | Armored infantry | 1 arm'd inf bn (in arm'd brig) or<br>2 arm'd inf bn (in arm'd inf brig)<br>plus in the mixed 4th combat battalion |
| | 11 divisions (excluding Airborne Division) | Rangers | Each, 2 Ranger bn (eqpt-hldg unit), with 6 Arm'd Inf Div, partly active-duty; augmentation from Ready Reservists |
| | mountain division | mountain infantry | in 1 mtn inf brig with 4 mtn inf bn |
| | Airborne Division (subordinated for operations to the 3-corps by brigades) | Paratroopers | each in 2 parachute battalions of 3 airborne brigades |
| Territorial Army (Home defense force) | 6 home defense brigades (partly active-duty) | Rangers | Each, 2 Ranger battalions |
| | 6 home defense brigades(eqpt-hldg units) | Rangers | Each, 2 Ranger battalions (eqpt-hldg units) |
| | Security forces | In the security forces, the Territorial Army moreover has 45 Ranger battalions (organized in 15 home defense regiments) and 300 Security Platoons; these forces are shown as equipment-holding units upon mobilization through reservist augmentation. | |

'DER SPIEGEL' SEES CRISIS IN BUNDESWEHR

Hamburg DER SPIEGEL in German 10 Nov 80 pp 42-47

[Text] Frustrated commanders, barely motivated soldiers, overly refined technology, petty bureaucracy, tight budget: both in terms of personnel and finances, the Bundeswehr faces its most difficult crisis to date. The fanfare at its 25th anniversary covers grave weaknesses. The "citizen in uniform" no longer exists.

The chancellor demanded a clearcut answer. He wanted to know from his highest-ranking officer if there is an army in the world which is better than the Bundeswehr.

The inspector general answered as briefly as had been ordered: "No, chancellor."

When questioned by the generals about this far too positive assessment, Juergen Brandt later defended himself by saying that when the answer must be brief, there can be no other answer.

In the most recent "Informations for the Troop," the Four-Star-General enumerates the reasons for his pride: Abroad, the Bundeswehr is recognized and "occasionally admired," its infrastructure is "intact and modern," and its material equipment "need not fear any comparison."

Of similar quality are the speeches which the politicians and military leaders will hold at events honoring the 25th anniversary of the Bundeswehr. Protected from demonstrators by hundreds of police, thousands of draftees in Bonn and Hannover, Stuttgart and Munich are to learn this week between solemn oaths and fanfare that they have the honor of serving in the "best army in Prussian-German history" (Helmut Schmidt).

Everyday reality in the barracks differs from these military performances in front of invited dignitaries just as a Western show differs from a gala performance of the New York Metropolitan Opera.

The Bundeswehr faces in its anniversary year its most difficult crisis to date in terms of personnel and finances. The frustrated command the unmotivated. Mission and means no longer agree with each other. Technical demands rupture traditional hierarchical structures. The continuous switch from over- to under-exertion and back results in rejection and alcoholism.

Many soldiers are also made to feel insecure by the simple question whether the military itself is still appropriate to the times, and whether the traditional games reminiscent of the Reichswehr and the Hitler Wehrmacht are really necessary.

The draftees, abandoned by the superiors, no longer understand after the uproar in Bremen what is happening around them. Generals in pursuit of glitter and glory suddenly see the nation's most sacred values in danger.

Col Dietrich Genschel, liaison officer between the Defense Ministry and the chancellor, noted with horror that in spite of the fact that the Social Democrats had courted the soldiers for years, "distrust, especially from officers, has recently been noted against the SPD as a party." "And the higher his rank, the more so."

The Federal army, which marches so beautifully in torch light, is now out of step.

But instead of openly discussing what is wrong and its causes, which is necessary in a democratic society, both politicians and military take refuge in a defiant attitude. With military-Christian ceremonial they stop any debate--newly rekindled in both East and West through rocket armament--regarding meaning and purpose of the military in an atomic age. The order: Remove helmet!--Let us pary!--Sing: I worship the power of love.

And that which Social Democratic Defense Minister Helmut Schmidt refused his generals 15 years ago is granted to them by his favorite student Hans Apel: "The merit badges of the old type," demanded in 1969 by former Army Inspector Albert Schnez, are now called honor crosses.

The 1980 crisis does not proclaim any "tendency toward the state within the state," as Hellmuth Heye had feared in 1964. Its symptoms are more complex and not as easily defined in headlines as the affairs surrounding generals, captains and lieutenants had been at the end of the 1960's and the beginning of the 1970's.

Generals such as Heinz Trettner, Albert Schnez and Hellmust Grashey have long been forgotten: They were not able to persevere with their demands for outlawing unions in the military (Trettner) and for militarization of the society (Schnez). And also the orientation and indoctrination has not, as Grashey thought, officially been declared a "mask." But it has been reduced to a "Be nice to each other."

The captains from Unna, who in 1971 called for more rigorous acting and voicing, have adapted themselves just as the lieutenants have in 1970, who declared the soldier participating in political decision-making as their ideal.

The 1980 crisis can be felt above all in the atmosphere. According to a report to the defense minister by former Inspector General Ulrich de Maiziere, the climate "has become cooler, at times even cold."

Those affected most are the draftees. According to findings of the Bundeswehr's Institute of Social Sciences, two out of three would like to leave the army as soon as possible. Although they do not join with joy, they do so with good intentions. But at the end of their service, half of them complain about the meaningless waste of time. Attributes for officers and NCO's which come to mind primarily are "narrowminded," "catering to authority," and "obsessed with discipline."

A part of the Bundeswehr's difficulties--just as in the rest of society--can certainly be attributed to technology, which no one can totally oversee any longer, which has even become sinister to some. For years, Christian Democratic and Social Democratic defense ministers have given in to military demands for ever more complex weapons systems. Now the troops must cope with them. With only 15 months of obligatory time in service, it faces an impossible task, and has turned more and more into a repair and cleaning service.

As investigations have shown, more than half of the time in service is spent in scrubbing, oiling, repairing and changing. Technical efficiency has become the sole criterion.

The dirtiest work is left to the "Red Asses." The recruits with the shortest time in service are not only abused by their superiors, but also by their comrades who have served longer and have established a hierarchy among themselves: vice reservist candidate, vice reservist, reservist.

In addition, committees and investigators have for years noticed an "overtaxing of personnel." While dozens of highly paid officers sit in headquarters and orderly rooms twiddling their thumbs and thinking up more regulations, two must do the work of three in the troop. Approximately one-third of the members of combat and support units are not on duty on a daily basis. They are either in schools, courses, ill or on leave.

Two years ago, the commander of an armored brigade stationed in Northern Germany wanted to find out for himself. Without advance notice, he traveled to a tactical unit and had them report for combat training.

The result was a catastrophe: There was not a complete four-man-crew for any of the tanks. In case of war, only two-thirds of the combat-ready Leopard tanks could have moved out.

In the meantime the situation has even worsened. Out of 100 officer and NCO positions, approximately 20 were vacant in most divisions. Lt Col Dieter Dietrich says: "A 40 percent shortage is not rare among soldiers."

Next year, possible consequences--dissolving and reorganizing some units as cadres, which do not necessarily have to be combat-ready immediately--are to be discussed "without any taboos." "Until then," in the words of a batallion commander from Franconia, "we will just muddle on."

Reports demanded from the top, more than a dozen per day, are simply made out to be correct on paper.

Helmut Ganser, until 1977 active captain and editor of the book "Technocrats in Uniform," no longer sees any citizens in uniform, as generals such as Wolf Count of Baudissin and Ulrich de Maiziere had once imagined. Bureaucrats and technocrats in uniform muddle through hundreds of orders, not only the draftees, the "extras in uniform," but also the last captains and sergeants who are still depending on personal initiative and personal responsibility.

The commander of an armored batallion would have to know 5,800 regulations today, unless he wants to make a mistake at some time--bad for the career. In case of

doubt, his superiors could always refer to their bureaucratically ambiguous orders. He has practically no margin for his own judgment.

Regimentation often takes on grotesque forms. The draftee gunner sitting in a Leopard 2 tank must work independently and precisely, even under extreme conditions, just like a skilled expert who had been trained for years. Should he direct his 120-mm smooth-bore cannon too high even by 10 degrees, the projectile will miss its target by 5 miles. But should he want to open his top button in warm weather, he must first ask his superior for permission.

Only in exceptional cases does the "An order is an order" not apply: "When a soldier falls into the water, he will begin making swimming motions on his own."

Petty bureaucracy, hierarchical thinking and technical efficiency consciousness in the Bundeswehr, 25 years after its founding, stifle every attempt at change. Ministers and representatives debate about socks, sweaters and boots so intensively that they have hardly any time left for basic considerations of strategy and structure.

According to the inspector general, supervision must not force the subordinate into a "permanent test-bench control." In a commander's letter, he prohibited "rude tone and insulting manners." The draftee, who in school and at his place of work has gotten used to having a verbal input as well as a possibility of active participation, may not be forced into "drudgery and doing personal favors," but rather must be carefully introduced into his new world which is based on orders and obedience: "The best way to get to know subordinates and winning their confidence is a personal conversation."

Half a year later--he had just changed, without objection of the minister, the commanders' leadership assistants into leader assistants--Inspector General Brandt commanded: "Company--about face!"

No longer was there any talk of cooperative leadership, of obedience out of reason. "I notice with concern," he said to the assembled generals, "that superiors often accept without criticism indolent behavior, dress which violates uniform and regulations, negligence in reporting and inaccuracies in the performance of duties. I expect every superior to take action against every violation of military form."

The inspector general, advisor to the Federal Government because of his office, brought the old formulas, which are totally useless for an army overburdened with tec-nology, back out of the closet: "The practice of military forms and movements is to be meaningfully included at every opportunity of daily service."

Inspector Poeppel recently told a small group that adapting the Bundeswehr leadership style to the requirements of a modern equipped army is not a simple or easy matter. In view of the change in technology and tactics, the Bundeswehr needs new impulses. "We lag behind and we are not getting anywhere."

Realizations of this kind have not caused either the political leadership or the representatives sitting in the defense committee to give it any serious consideration. The course of reform begun by the then defense minister, Schmidt, was not

followed by his successors Georg Leber and Hnas Apel. The books of the Bundeswehr reform, filled with suggestions by independent experts, gather dust in the archives of the Defense Ministry.

It cannot be expected that the lack of funds which is to be expected in the coming years (SPIEGEL 44, 45/1980) will force the military to change its way of thinking. Instead--as the British are doing--of considering the possibilities of perhaps fulfilling the mission better with simpler weapons and better trained and better motivated soldiers, highly paid generals--acting for their superiors--publicly compete for the largest slice of the diminishing pie.

The army believes that the air force needs too much money. The navy, on the other hand, does not know how it is to financially cover its expanded radius of deployment in the Northern sea.

Bitter about the developments in recent years, Count Baudissin, in his book "Die Zornigen alten Maenner" [The Angry Old Men] admonished politicians and parties to finally take seriously Clausewitz' theory of the political nature of everything military. "You must overcome the temptation to see the Bundeswehr primarily as a reservoir of electors who must not be offended."

And Helmut Ganser, after 10 years of practical experience in the army, draws the following conclusion: "A strong political leadership, which carries out more than merely half-hearted and cosmetic reforms, is necessary today more than ever."

Otherwise, he fears, the draftees create for themselves "more and more their own image of the enemy; namely, their own military system and its symbols."

9328
CSO: 3103

LAMBSDORFF ON COALITION AGREEMENTS, ECONOMIC POLICY

Hamburg DER SPIEGEL in German 17 Nov 80 pp 26-29

[Interview with Economics Minister Otto Graf Lambsdorff: "I'm Taking the Heat for the Chancellor"; date and place of interview not given]

[Text] [Question] Minister Lambsdorff, the SPD and the trade unions are very agitated over the coalition agreements. You are the villain of the piece, the leader of the liberal spoils-reapers. Are you satisfied?

[Answer] At the first meeting of the FDP parliamentary group, when I had to report on the negotiations, they said this to me: You people apparently agreed on everything that's in the Social Democratic Party's election platform and nothing that's in the Free Democratic Party's. As is the case after every coalition negotiation, the complaints of both sides that they came up too short will die down again.

[Question] But nothing like this has happened before: Right after the coalition negotiations have ended, a dispute breaks out as though the talks were just beginning.

[Answer] That's because a coalition agreement consists for the first time essentially of deletions, of economies. Of course I understand the criticism and disappointment coming from elements of the SPD parliamentary group, also from union elements. A lot of fine requests get left out whenever economies have to be made, when spending programs have to be cut back, when new funds are not available.

[Question] Your party evidently doesn't intend to accept that. Agreement had scarcely been reached to increase the 1981 defense budget by only 1.8 percent when your defense expert, Juergen Moellemann, was demanding a 3-percent increase after all. That entails enormous additional costs.

[Answer] Real growth cannot be declared until the end of a fiscal year, when the rate of inflation is known. In the last 10 years the FRG has increased its defense appropriations by an average of a scant 3 percent per year in real terms. It will probably come close to reaching the 3-percent goal in 1980 as well.

And I'm assuming that when we look at the situation at the end of 1981, too, real growth will be somewhere in this range.

/Question/ The ink was scarcely dry on the coalition agreement when a sharp dispute arose over another issue: the planned bill that would switch from the motor vehicle tax to one on the price of gasoline.

/Answer/ The shift would be a correct decision in terms of energy policy. Expensive gasoline is more likely to be conserved. It is also certainly worth considering that we ask the foreigners who drive on German roads to pay more for the privilege. Moreover, the experts go unchallenged when they say that the jobs of 4,000 government fiscal employees can be eliminated. But if we now raise the mineral oil tax by 7 pfennigs, the total burden in the event of a shift to this tax will be so great that tax breaks will have to be found for commuters and the severely handicapped.

/Question/ But the Laender, which would get a portion of this tax, won't go along?

/Answer/ They all got together as much as 12 months ago and told us it was out of the question. The Laender want to see some compensation if the motor vehicle tax is going to be taken away from them. We have to negotiate on that.

/Question/ The third point of dispute in the coalition: codetermination for coal- and steelworkers. SPD chief Willy Brandt is calling on the chancellor to say something on this as early as next week in his message to parliament. DGB chief Heinz Oskar Vetter says: If Graf Lambsdorff doesn't budge, we won't give ground. Lambsdorff replies that he won't give way. What happens next?

/Answer/ We're conducting coalition negotiations with the Social Democrats, not with the unions. We are prepared to negotiate.

/Question/ These negotiations will result in success by the time of the message to parliament?

/Answer/ We can live with it even if we sit down together again after the message has been delivered and reach an understanding.

/Question/ You aren't negotiating with the trade unions. But not against them, either.

/Answer/ We know that we can't arrive at a solution that goes completely against the interests of one of the parties, no matter who it is. Each side will give some ground.

/Question/ That sounds a bit more conciliatory than a few days ago.

/Answer/ The FDP has always said that its main concern is to initiate a democratic electoral process, also as regards codetermination for the coal- and steelworkers. We do not consider the electoral process that exists to be democratic, and we have always said that we would like to see some consideration for the position of the management executives.

/Question/ In other words, no compromise after all? You had already agreed on a model solution in the coalition negotiations: Codetermination for coal- and steelworkers was to be the practice in the future in enterprises where only 30 percent

- as opposed to 50 percent previously -- of their business derives from the coal and steel sector. In exchange, the workforce was to be able to choose its representatives on the board of directors in direct elections, whereas previously the unions had appointed them. Why did this agreement fail?

/Answer/ It couldn't be made palatable to both parliamentary groups, the SPD and FDP. We thereupon got together that night and agreed that we would have to start these negotiations all over again from point zero.

/Question/ Last week you said there could no longer be any talk of reducing to 30 percent the share of business ascribed to the coal and steel sector.

/Answer/ I said I thought the opposition, the doubts about this felt by large segments of the FDP parliamentary group were insurmountable. It should probably be phrased somewhat more flexibly: very difficult to surmount.

/Question/ Graf Lambsdorff, are you not actually quite happy that this model solution foundered on the parliamentary group's resistance?

/Answer/ I do believe that what was aimed for in the first round of coalition talks would not have corresponded to the voter mandate which the Free Democrats have to read from this election and this election result.

/Question/ In view of the difficult economic situation, you intend to try to revive Concerted Action. DGB chief Vetter has declined an invitation for 8 December unless an acceptable compromise for codetermination is found by then

/Answer/ First of all, I think it's necessary to have such a discussion involving government, management and labor. The overall economic situation is difficult enough. In the second place, I have said in various conversations with the DGB that I really considered it extraordinarily regrettable when a willingness to talk disappears whenever a dispute on codetermination starts in any enterprise. If Herr Vetter's refusal is final, then I'll have to conduct the talks some other way.

/Question/ But Vetter's attitude is understandable. You provoke the unions on the codetermination issue and at the same time expect them to be reasonable in the wage negotiations -- in other words, low wage settlements in the neighborhood of 4 percent.

/Answer/ I have never commented on the question of low wage settlements.

/Question/ That's what it says in your economic policy forecast that was the basis for the coalition negotiations.

/Answer/ Those are projections we're using to try to get a handle on possible or probable development. Besides, I'm slowly getting sick and tired of the whole discussion. When it's said that there are no economic programs, the economics minister is at fault. If the projection for the year doesn't suit someone, once again it's the big bad economics minister.

I'm fairly thick-skinned and will take whatever is said to me. But naturally I sometimes say this to the chancellor: I'm taking the heat as your representative.

After all, these are all cabinet resolutions shared by the Social Democratic coalition partner; they were all passed unanimously. I'm happy to be first in line to take the criticism, but I pass it along. It belongs on the cabinet's table.

/Question/ But you have a predilection for provoking the unions even though it should be in your interest to have a peaceful round of wage negotiations, particularly considering the poor outlook for next year.

/Answer/ Then what should I use to put the unions in a good mood?

/Question/ Apart from codetermination, up for debate in the coalition negotiations was a catalog of social policy demands presented by those representing labor. You blocked them at every turn.

/Answer/ If social policy consists in spending money, then that's correct. In fact, there will not be very much to be gotten during this period. If anything, we must get used to the idea that we are able to pay out less money.

/Question/ Where?

/Answer/ I have been listening very attentively — and, I must say, not without serious reflection — to what my colleague Hoppe has been saying recently about the makeup of the budget and the need to take a bok at the benefits laws. I really don't know whether we'll make it with the measures we have just passed.

/Question/ Indeed, more cuts could have been made. But in places where big chunks could have been saved, this was blocked. By you and the FDP -- in agriculture, for instance.

/Answer/ What was blocked in agriculture? Or may I put the question the other way around: Which group among the population has been expected to accept direct cuts in income? None.

/Question/ Precisely.

/Answer/ Then one cannot do it with the farmers alone. If we had cut the DM 400 million allocated for agricultural casualty insurance, that would indeed have been infringing upon the livelihood of one segment of the population.

/Question/ You'll never be able to eliminate privileges that way. There's another group that did not suffer, one that's considered especially drawn to the FDP: federal employees. That's no coincidence, is it?

/Answer/ We must talk about the specific points you have in mind with your criticism. I'm ready.

/Question/ Let's begin with the labor market levy. The families of federal employees take advantage of services offered by the Federal Labor Institute, but they make no financial contributions to it.

/Answer/ It's true that vocational counseling is used; that comes to about DM 10 annually for each consultation. Following a unanimous cabinet resolution and

compelling statements from the interior minister and the justice minister to the effect that the labor market levy is a dubious affair in terms of constitutional law, it had already been dropped prior to the election.

/Question/ The employees of the interior minister and the justice minister jointly determined that such a drain on their salaries might violate constitutional law.

/Answer/ Thus far, I have no reason to believe that the constitutional law experts in the two ministries are advising the cabinet from the point of view of augmenting their own incomes.

/Question/ Why was it not possible to expect federal employees to wait 3 months longer for their next salary increases -- as sacrificial figures in hard times, as it were.

/Answer/ As soon as Herr Kluncker from the OeTV /Public Service, Transportation and Communications Union/ and the public employers agree on this at the next round of wage negotiations for the white-collar and blue-collar workers in public service, I shall advocate that legislation for the federal employees follow.

/Question/ Why do you hide behind Herr Kluncker? Why can't the state take the lead for its employees?

/Answer/ It won't do to single out special groups to bear the burden. We don't do it with any group.

/Question/ If your philosophy is followed, then only universal taxes may be levied or universal benefits laws eliminated.

/Answer/ We have done away with a lot of subsidies, you know: BAFoeG /Federal Law for the Advancement of Education/, housing construction, joint projects by the federal government and the Laender -- just listen to the outcry all over the place, and from my own party associates, too. After all, it isn't as though we hadn't stepped on anyone's toes.

/Question/ But apparently not enough, as you have said yourself. In your economic forecast for next year you posit an average unemployment figure of 1.1 million -- rather an optimistic accounting. The unions are carping that in the coalition talks you blocked any possible measure that might have reduced this figure.

/Answer/ Who? Me? What was it that was possible? What did I block?

/Question/ Let's start with the ban on loaned labor.

/Answer/ Would the unemployment figure be reduced by a ban on loaned labor?

/Question/ The idea might occur to one, at least in the construction branch where it is estimated that 200,000 illegal workers-on-loan are employed.

/Answer/ Suppose the estimate is correct: Where do you propose to get the workers for the construction industry? After all, the intent is not to use them to influence the labor market; it is to use them to establish orderly conditions, to pay

taxes, to pay insurance premiums. But anyone who believes he can cut down on the 1.1 million unemployed this way is on the wrong track.

/Question/ Nearly 60 percent of the unemployed are unskilled workers, and the number of young people who are going into a job with no skills is also increasing. Better skills-training should give these people a chance, because right now there happens to be a shortage of skilled workers. The money for this skills-training offensive — as it is so grandly called — has not been appropriated.

/Answer/ May I ask who told you that? In my own parliamentary group, in the cabinet and in the coalition talks, I have stated that I need more money for the outside training of skilled workers. I shall approve not a single mark more to be spent in support of university and high school students unless there finally is the money needed for the apprentices — please pardon the old-fashioned expression — so that this very important point of labor market policy may be attained. This applies especially to the children of our foreign fellow-citizens.

/Question/ So the Federal Labor Institute will be getting money for this, after all?

/Answer/ The institute will be getting money for such purposes. Of course, there was agreement during the coalition talks that the expenditures of this self-governing body — an annual budget of as much as DM 22-23 billion -- should be subjected to critical scrutiny.

/Question/ Are some of its functions to be eliminated?

/Answer/ They are to be more economical in their use of money. But get on with everything I've done to obstruct things that support the labor market.

/Question/ Reduction of working hours; a 40-hour work week; cuts in overtime... .

/Answer/ ...it simply isn't true that fewer overtime hours will ease the strain on the labor market. Skilled workers who don't exist will have to be hired in place of the overtime hours no longer being worked. For instance, I should like very much to see changes in the working hours ordinance and elimination of the scandalous bans on the pursuit of professions by women. Today they are not permitted to learn the plastering trade because in 1938 someone wrote a law that said they couldn't. Bringing working time down to 40 hours means saddling the economy with more bureaucracy, more overtime, rising costs and new costs. Moreover, restrictions on overtime hours mean additional limitations on the ability to keep up with the competition.

/Question/ Your party associate Gerhart Baum wants to move against automobile emissions and noise. This will be a burden on the auto industry. Are you going along with him?

/Answer/ That's reasonable, of course. One cannot let industry fool around to the extent that it produces an environment in which we shall all perish. We must have environmental protection — and I mean also in terms of future growth and jobs. But it gives me the creeps whenever the automobile is described as "environmental enemy No 1." Man is environmental enemy No 1.

[Question] The coalition agreement mentions that an environmental tax is also being considered — in other words, punishment of the auto industry for damaging the environment. You favor this, too?

[Answer] It's the final option if we don't reach a meeting of the minds with the auto industry and if a joint EC approach fails. In that case, yes.

[Question] The impression has arisen in the SPD and the unions that the FDP — not least through your efforts — has shifted toward the right... .

[Answer] ...why don't you ask the FDP's rightist politicians what they think of our conservative Social Democratic coalition partner. What is rightist, anyway?

[Question] A strict market economy policy, for example.

[Answer] I want to tell you something about that: The coalition agreement doesn't have a section on economic policy. I asked the chancellor: Don't we want to write down something on economic policy? And he replied: Why? We agree, don't we?

[Question] Fear is spreading among the Social Democrats that in the coalition negotiations the FDP has already made preparations for the jump to the Union during this legislative session.

[Answer] Fantasies.

"4"
CKD: 3103

PRESS REVIEW ON ECONOMICS MINISTER'S REPORT

DW041103 Cologne Deutschlandfunk Network in German to East and West Germany
0605 GMT 4 Dec 80

[Press review on 3 December cabinet discussion on economic outlook]

[Text] The Duesseldorf WESTDEUTSCHE ZEITUNG makes the following comment: After it had been obvious for quite some time that the Federal Republic was experiencing a downward economic trend, the federal economics minister yesterday put the official seal on the crisis, as it were. The economic estimates are not particularly promising, at least not for the first half of next year. For the time being a revitalization of the economy during the second half of 1981 is nothing but a hope. Above all, foreign economic influences such as more oil price hikes and the economic situation of the United States could easily expose the favorable forecasts as rubbish. Still, if alone for psychological reasons it is important that Graf Lambsdorff did liven up his gloomy picture of the future with a few bright spots, because many a crisis has been aggravated in the past simply because there was so much talk about it, says WESTDEUTSCHE ZEITUNG.

Bonn's GENERAL-ANZEIGER is the next source: Despite revised data on economic development, despite higher unemployment rates and despite the modest flow of revenues, the Federal Government proposes to keep its chin up in matters of the economy. In harmony with nearly all experts, the current recessive phase is being termed temporary. Not later than a few months from now an upward trend is expected to set in again. While optimism is still considerable, it would be advisable not to overlook the risk which Bonn clearly indicates in this assessment: The constant problem of the PIL, on the one hand, and the forthcoming wage agreements, on the other.

Next follows AUGSBERGER ALLGEMEINE: Federal Economics Minister Lambsdorff has used the cabinet discussions on our economic future to propound a public market economy credo, the exclusiveness of which, however, is not supported by the SPD. Speaking to newsmen he said that the economic future need not look gloomy if it were possible politically to eliminate the impediments obstructing private enterprises' readiness to invest. Lambsdorff had barely announced his tentative forecast when he heard from the trade unions that they would not return to the concerted action [regular meetings of employer association and trade union representatives with the economics minister]. This is not a good one for the new wage round.

FRANKFURTER ALLGEMEINE wonders whether the rebuff by the trade unions spells the end of a policy which is aimed at a social consensus. FRANKFURTER ALLGEMEINE continues by saying: It is not easy to answer this question; the concerted action never was very popular among trade unions. Some of the more radical trade union leaders have never held back their rejection of it. Obviously they have now won the upper hand and pushed the more moderate leaders one of whom is DGB chairman Vetter into the minority. This does not auger well for the next round of wage negotiations. Yet, it would be wrong to dramatize the turn of events. The rejection obviously is not final.

The Konstanz SUEDKURIER stresses: Surely the government would be pleased if the wage negotiating partners met each other half way to insure the social consensus, which means, in the vernacular, the joint effort for the sake of the entire community. Unfortunately the DGB has declined to follow Lambsdorff's invitation for a talk with the employers. This is quite eloquent in itself. But in view of the goal pursued we cannot but regret this. The Schmidt government has a difficult road to travel.

CSO: 3103

COALITION PLANS CHANGES IN BANK, CREDIT UNION TAXES

Hamburg DER SPIEGEL in German 10 Nov 80 pp 106-108

[Article: "Everything Already Arranged"]

[Text] On its search for money, Bonn's coalition discovered a source in the world of finance: Tax advantages for savings banks and credit unions are being abolished.

In foreign countries, savings banks and coop banks assist with investments, they readily finance export transactions and trade on the Eurodollar market. When big things in the world need to be done, they get involved willingly.

At home, however, these institutions are still enjoying old privileges which were granted to them as middle-class moneylenders: They pay less in taxes than major and private banks.

The competition must remit to the Treasury 56 percent of its retained earnings in taxes. Credit unions pay only 46 percent, savings banks no more than 44 percent.

In the future, things are to be different. Bonn's coalition partners, in their search for new sources of money, found no good reason for the favorable tax treatment. "Everywhere in the country," Horst Gobrecht, SPD tax expert, found out, "they are conducting the same business as private banks."

And "very well," Ingrid Matthaeus-Maier, FDP tax expert, seconded, "they can survive the competition without tax advantages." Thus, in general agreement, the coalition stipulated to cap the tax privileges for savings banks, credit unions and coop banks.

It will benefit public finances. In 1981, the Federal Government, Laender and communities are expected to collect as much as DM 300 million in additional taxes. During the 2 years thereafter, according to estimates by Bonn's tax experts, additional revenues will amount to DM 450 million or even DM 715 million respectively.

While the savings round was still meeting in Bonn, the lobby of moneylenders mobilized. Helmut Geiger, savings banks' president, took advantage of a meeting of the board of directors of his league: Communal savings banks lords should put pressure on Minister of Finance Hans Matthoefer with a large number of petitions. No horror picture seemed too gloomy for the chief of savings banks: "Victory or extinction" is the watchword.

The reason why Geiger envisions "horrible things" for his savings banks: Savings banks are the only institutions that have to form capital stock from their earnings. If their profits are reduced through higher taxes, they will no longer be able to grant as much credit as they have in the past because of legal obligations.

Anyway, the Federal Office for Credit Affairs tied the amount of credit that can be granted to a specified amount of capital stock to avoid excessive lending of money by institutions. Therefore, in the final analysis, less capital stock in savings banks means: less profit.

Savings banks, however, are not the only ones who have to contend with low capital resources. Many small private banks must also form their capital stock from earnings.

Geiger, however, is afraid of the competition from large banks, since savings banks have in recent years made greater inroads in the business of large banks. Joint-stock companies, like the Deutsche or Dresdner Bank, can raise new capital at any time by issuing new shares on the stock exchange.

Members of credit unions and coop banks are even more afraid than savings banks that their good business deals are endangered. The reason: Another advantage in competition is to be taken away from them.

Bonn would like to use the planned revision of the credit law to eliminate the so-called liability surcharge for small credit unions. In the past, the capital stock of credit unions--in addition to the paid-in shares by its members--included a surcharge which members were required to pay in case the credit union was unable to meet its payments.

The advantage is obvious: Credit unions need a lot less capital stock than the competition does.

If the liability surcharge were no longer included, credit union bankers would have to increase their paid-in capital stock up to 40 percent to be able to grant credit in the same amount as they have done in the past.

"It cannot be done," complains Bernhard Schramm, president of the FRG League of German Credit Unions and Coop Banks. "The flow of credit would dry up for our main group of customers, the middle class."

Perhaps, the credit-bank lobbyist suspects, the competition could help out: "Mr Geiger is the one who got us into trouble with his plan."

As a matter of fact, the savings banks chief would like the same privileges for his credit institutions as the credit unions are enjoying. Savings banks, which receive subsidies from the community in cases of crises, should also be allowed to collect surcharges for the necessary capital stock.

In spite of the squabbles among savings banks and credit unions, the functionaries of the league agree on the crucial point: Jointly they are defending themselves against Matthoefer's attacks.

Hans-Guenter Hoppe, vice-chairman of the FDP fraction, observed, "Lord mayors are at the throats of SPD deputies." And the SPD man Gobrecht reports that "a flood of protest letters" is arriving from the ranks of West German credit union members.

It is hardly surprising. There are more than 9 million credit union members in the FRG; their lobby is one of the most powerful ones in the Bundestag.

Nevertheless, behind the scenes in Bonn it appears that everything has already been arranged: The coalition is not willing to discuss the tax matter. As an appeasement, credit unions are permitted to retain their surcharge for the protection of capital and savings banks will receive similar privileges. After all, Bonn "cannot kick" financial institutions "everywhere," Manfred Lahnstein, Matthoefer's state secretary consoles.

The sympathy is hardly needed by the alleged victims. Following a proven pattern, the lost millions will be recovered by taking them from the customers. Said Geiger: "We are forced to raise prices."

The others will gladly follow: The major banks are already waiting for an opportunity to improve their earnings at the expense of their customers.

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CSO: 3103

## PCF'S FITERMAN STRESSES MAYORS' ROLE IN 1981 ELECTION

Paris L'HUMANITE in French 4 Nov 80 p 4

[Report on excerpts from a speech by Charles Fiterman]

**[Excerpts] The Communist mayors met Friday morning at Montreuil (Seine-St Denis) and the Communist representatives met yesterday afternoon at the Central Committee headquarters in Paris. The order of the day was the role of Communist majors, local elected officials and representatives in the presidential election campaign.**

Charles Fiterman, Secretary of the FCP Central Committee, drew the following conclusions from these two meetings. In drawing his conclusions, Fiterman strongly stressed the importance of the campaign being waged for the presidential election and the unprecedented character of the FCP actions: "This time we are immediately placing the Communist vote at the center of the battle," he pointed out. "We have been led to make such a decision based on a critical examination of the past. We learned some lessons from our 23rd Congress.

The new path we have in mind is based on a complete change in priorities. It consists in no longer giving the union with leaders of other parties precedence--which permits the Socialists to create illusions and to rest on them to break up the union at a decisive moment--but in giving priority to the popular movement for change.

This path is the opposite of retreating amongst ourselves or renouncing the union. We will not put anything off until later. But, we will call for a struggle, we are putting everything into action in order to go as far and as rapidly as possible. It is also the opposite of the "politician's politics:" It is a new and open way which is supported by the participation of the workers and young people. It is they who decide. All this implies a strong party, not in the strict sense of the word, but a party carrying weight, having the capacity for action, for getting sufficient participation to gain the workers and the greatest masses in the struggle for change.

If the strengthening of the Party and its place in the life of the country are a decisive stake today, inseparable from the struggle for change, this means at the same time that much depends on the participation of 700,000 Communists in the struggle: It is up to them to bring about the offensive and winning tactic which is summed up by the candidacy of Georges Marchais in the presidential elections.

This, of course, concerns the Communist mayors and representatives above all. They can do a lot. They are in effect in the first ranks of the struggle against austerity, against the breaking up of factories and the dismanteling of industrial potential, in the first ranks of the struggle against all the negative consequences of the antisocial and antinational policies of the Giscardian government. They are the initiators of proposals to defend employment and the development of economic activity in their communes and their regions. All their actions illustrate the main idea that, in order for things to go better for workers and the country, for France to be pulled out of the quagmire where the successive governments of the past 30 years have placed her, the working class and its party must, the Communists must have their place in the directions of affairs on all levels.

The activity of the Communist mayors also shows the will of our party to preserve the municipalities led by the union of the Left: It is not where the Communists are in charge that mandates have been withdrawn or agreements been reconsidered. The workers, all those who want to safeguard and develop the gain that the municipalities represent, will conclude that a stronger support must be given to the Communist Party.

Social justice, employment, a strong economy, working class access to responsibilities, the construction of a new union of the Left--the elected communists have the authority to give their opinions on these questions and have as many reasons for taking their place in the front ranks of the presidential election campaign, in the effort to give the communist candidate the maximum number of votes in the first round of voting."

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CSO: 3100

POLL: GISCARD DOWN; ROCARD WIDENS LEAD OVER MITTERRAND

Paris LE FIGARO MAGAZINE in French 8 Nov 80 pp 94-95

[Article by Charles Rebois: "A Critical Period"]

[Text] I. Giscard -1

Question: Are you fully confident, fairly confident, fairly unconfident, not at all confident in Giscard d'Estaing's solving current problems in France?

| | Oct 80 | | Nov 80 | |
|---|---|---|---|---|
| Fully confident | 13 | 51 | 12 | 50 |
| Fairly confident | 38 | | 38 | |
| Fairly unconfident | 24 | 43 | 26 | 46 |
| Not at all confident | 19 | | 20 | |
| Don't know | | 6 | | 4 |
| | | 100% | | 100% |

II. Barre -1

Question: Are you fully confident, fairly confident, fairly unconfident, not at all confident in Barre's solving current problems in France?

| | Oct 80 | | Nov 80 | |
|---|---|---|---|---|
| Fully confident | 11 | 35 | 7 | 34 |
| Fairly confident | 24 | | 27 | |
| Fairly unconfident | 22 | 57 | 19 | 60 |
| Not at all confident | 35 | | 41 | |
| Don't know | | 8 | | 6 |
| | | 100% | | 100% |

This November barometer--poll from 23-29 Oct--is significant for 2 reasons, reveals a lowering of Valery Giscard d'Estaing's standing, and in the razzle-dazzle on the left, opinion favors Michel Rocard over Francois Mitterrand.

The president of the Republic loses one point (favorable responses). This would be negligible if the negative views had not increased by 3 points. The balance remains positive but it is not more than 4 points (8 points in October).

Several factors work against Valery Gsicard d'Estaing.

1. The closer one comes to the date of 26 April the more the president is considered responsible for government policies, Raymond Barre having less and less of the limelight.

2. This evolution is underscored by the increasingly presidential aspect of the administration. Interagency meetings at the Elysee are increasing in frequency and Valery Giscard d'Estaing mentions bureaucratic issues in his speeches. This renders him vulnerable to opposition critics who are looking for weaknesses as they fix their aim on their target. The opposition now aims at the principal adversary, as is illustrated in the recent book by Francois Mitterrand.

3. Quite normal in an electoral situation, these attacks would have little effect in a normal economic situation. Unfortunately the signs show red and the morale of the French is rather low. The level of 1,500,000 unemployed has been reached, inflation gallops along merrily and the foreign trade deficit becomes worrisome.

This decline is essentially due to the world crisis. Frenchmen know this. They sustain the shocks of the second petroleum shock without undue exaggeration, but they also make comparisons with our neighbors who are having the same handicaps. These comparisons are not always to our advantage.

4. These economic concerns and their repercussions on daily life become all the more urgent since on the international scene there has been a period of relative calm after the turbulence following the Afghan invasion, the revolt of Polish workers and the war between Iraq and Iran. These four factors will have a negative effect on the President until the day when the candidate Valery Giscard d'Estaing weighs in against the other candidates officially enlisted in the final test.

In the current critical period certain Frenchmen seek to escape a hopeless future by cherishing illusions. Current difficulties make Michel Rocard's utopian socialism attractive--an attraction that increases as the pitfalls have increased along the way of this favorite of the polls.

The deputy from Yvelines makes a new gain of 3 points and outdistances Francois Mitterrand by 20 points. This thrust forward could worry the PS's first secretary if it did not really concern the majority electorate. In fact Michel Rocard wins four points from the UDF and eight points from the RPR where some people have lent a willing ear to the temptations toward convergence. But in the socialist votes Pierre Mauroy is profiting from the decline of the first secretary, placing him at worst in the position of the third man.

In this competition for access to the second turn in the presidential election the RPR bides its time. Jacques Chirac loses one point which Michel Debre picks up. The next poll will show the place of Marie-France Garaud in this Gaullist race.

But at more than 5 months' distance from the decisive date, one must beware of interpreting the poll results as voting intentions. The distance separating us from election time excludes such interpretations, the more so in view of the very nature of this poll which always measures the influence of men and their actions, independently of any electoral concern. At least if that is possible.

III. Political Personalities of the Majority

Debre +1

Question: For each of the following political personalities, please tell me if you hope to see them play an important role in the future?

| | Oct 80 | Nov 80 | | Oct 80 | Nov 80 |
|---|---|---|---|---|---|
| Simone Veil | 42 | 39 | Jacques Chalban Delmas | 27 | 28 |
| Jacques Chirac | 33 | 32 | Michel Debre | 27 | 28 |
| Monique Pelletier | 32 | 31 | Alain Peyrefitte | 19 | 22 |
| Raymond Barre | 30 | 30 | Jean Lecanuet | 20 | 21 |

IV. Political Personalities of the Opposition

Rocard +3

Question: For each of the following political personalities, please tell me if you hope to see them play an important role in the future?

| | Oct 80 | Nov 80 | | Oct 80 | Nov 80 |
|---|---|---|---|---|---|
| Michel Rocard | 48 | 51 | Georges Marchais | 19 | 19 |
| Pierre Mauroy | 29 | 32 | Jean Pierre Chevenement | 15 | 15 |
| Francois Mitterrand | 31 | 31 | Michel Crepeau | 14 | 10 |

V. Technical details: Poll taken for FIGARO MAGAZINE. Date 23-29 Oct 80. National sample of 971 persons representing the whole of the population over 18 years of age. Method used--quotas (sex, age, occupation of head of family) and stratification by region and urban agglomeration.

VI. Good Opinion
Bad Opinion

VII. Other parts of the poll are in today's daily.

9772
CSO: 3100

GISCARD SETS 29 GOALS TO ACCOMPLISH BEFORE END OF TERM

Paris LE MONDE in French 15 Nov 80 p 11

[Article by A.L.]

[Text] Presidential spokesman Mr Jean-Marie Poirier, played down every impression of surprise: the major activities which Giscard d'Estaing intends to accomplish before the end of his term do not involve any drastic change. "There is no question of making any new promises," he said on Wednesday 12 April, following the cabinet meeting, "but to tie up loose ends."

The 29 activities, considered the most significant and the most urgent which the president of the republic picked, were chosen from among 90 proposals which the prime minister had submitted out of the 300 suggestions offered by various ministers. What commands attention, even more than the content of the program, is the method, although it is not new, and the timing.

The president of the republic makes the final choice and conveys it to the prime minister by open letter. The reference to the end of the term of office no doubt explains the experience and buildup of this initiative. Furthermore: it is a question of showing, as Mr Giscard d'Estaing made clear on 31 October in Autun, that apart from--or despite?--a somewhat stormy electoral commotion, the president is presiding and the government is governing, for the greater good of the French people. None of the proposals, whose implementation is to take precedence from now until the end of the term (in 6 months), is, as a matter of fact, not likely to displease them.

On 13 November, the Presidency of the Republic made public the following letter which Giscard d'Estaing had sent to the prime minister: "At the cabinet meeting last 8 October, I strongly advised government members to strive zealously to complete, in every area, what has been undertaken and promised."

"For this purpose, I asked you, in unison with the members of government, to draw up a work program for each one of them.

Based on your proposals, I am keeping the list of activities already undertaken and which you are to pursue and complete within the next 6 months. Among the 90 activities thus proposed, 29 assume a special importance. They are as follows:

(1) Implementation of the changes decided upon by introducing the guaranteed minimum living income and widowhood insurance;

(2) The adoption of an improved allowance plan to begin at the time of birth;

(3) The establishment of the children's institute;

(4) Free old-age insurance affiliation for mothers of a family with three or more children;

(5) Provision of an old-age insurance plan for both merchant and craftsman;

(6) Professional equality between men and women: submission of bill;

(7) Adoption of a five-year plan which makes it possible to provide professional education for all youth;

(8) Measures in favor of the use of cadres;

(9) Enforcement of the law concerning the free allotment of shares to the firms' wage-earning members.

In the Economic Area:

(1) Establishment of equipment credit for small and medium-sized firms;

(2) Enforcement of a 10-year research program;

(3) Application of the report "Science of Life and Society;"

(4) Simplification of procedures for the establishment of small firms: "one entrance gate" and "one document;"

(5) Establishing of funds for promoting agricultural and foodstuff products;

(6) Definition of the nonpetroleum motor fuel program;

(7) Adoption of the charter in favor of tourism.

In the Area of Major Public Health

(1) Applying the organic law on the magistrature statutes;

(2) Improvement of teacher and career training;

(3) Application of measures in favor of private education: revision of the retirement system;

(4) Establishment of new university counseling centers;

(5) Enforcement of the new conditions for the total operational equipment of local organizations;

(6) Decree limiting the jurisdiction of public regional establishment within the framework of the 1972 law;

(7) Application of all commitments assumed on behalf of regional program; Central Massif plan, Breton road program, Great Southwest, North-Pas-de-Calais plan, Alsatian and Corsican North-South Center;

(8) First policy measures in favor of suburbs;

(9) Establishment of ways and means to protect the coastal region against forest fires and pollution;

(10) Planning of control measures against unhealthy accommodations in overseas subdivisions;

(11) Adoption of first measures recommended by Professor Bernard's report on the control of alcoholism;

(12) Formulation of fiscal-procedure guide book for the use of taxpayers;

(13) Development of France's radiophonic presence in the world.

The president of the republic adds: "I attach special importance to the competent implementation of this program: the ministers will be asked to present the results of its implementation to the cabinet during the first 1981 trimester."

8870
CSO: 4400

IMMIGRANTS CAUSE GROWING TENSION THROUGHOUT NATION

Paris LE POINT in French 17 Nov 80 pp 107-114

[Article by Claude Bonjean and Alain Amar: "Immigration: Tension!"]

[Text] The presence of immigrants is being less and less tolerated in houses, schools, and streets. The malaise is growing. Communist mayors have already "cracked."

There is no notary, lawyer, or even an usher in Persan (population 10,000) in Val-d'Oise. It is a workers' city. The Paris-Le Preport railroad, along which it grew, brought to it foundries, a rubber industry, and other enterprises. The work is generally hard, and the jobs are quite repetitive and have been left by the French to less demanding foreigners. People from the Maghreb, Africans, Portuguese, Turks and Yugoslavs have come from seven parts of the world to settle around the small municipal brick building and the twin buildings of the school and the public baths whose facades are decorated with mosaics. Without these foreigners the plants in the area would have been in jeopardy. However, also because of them the people of Persan feel dispossessed of their city.

These immigrants account for 20 percent of the local population. The number is high. Is it too high? Persan is not the only French community to ask itself this question. In the Paris suburbs, in the Metz agglomeration, in the north, in the areas of Lyon and Grenoble, on the coastal area of Provence, wherever foreign workers and their families have concentrated, alarming phenomena are taking place: flight of French residents, development of ghettoes, skirmishes, or threats of bigger conflicts.

It is thus that such complex and dangerous situations develop. They worry government leaders, prefects and mayors split between their duty to improve the life of the immigrants and the concern for protecting an electorate who, frequently, no longer tolerates this foreign presence. The same concern led communist municipal officials of departments adjacent to Paris to hold several consultations last month.

The point is that relations with foreigners, above all with those from the Maghreb and the Africans, are steadily deteriorating as time goes on. In the HLM [Low-Cost Housing], in the invaded districts, cohabitation irritates the nerves. The smells of oil and spices are disturbing, the shouts of children in the staircases are irritating, and gunshots celebrating marriages exasperate the

railroad worker who takes up his shift at 2:00 am. Gangs of unemployed young people are frightening. Fights break out with occasional murders.

Rather than subject themselves to a promiscuity which they find intolerable, a number of tenants and riverside residents are trying to move. In Marseille they are beginning to abandon the big residential buildings of the Bourse Center. In Roubaix they have abandoned Decreme Street; in Lyon they have moved out of the Terreaux Slopes or Gabriel-Peri Square, not far from the Guillotiere bridge. The progressively evacuated sectors then became Arab or African villages, with their own butcheries, grocery stores, coffee shops and even their own schools which are slowly being deserted by the French children. The old residents no longer venture in these areas. Only the police show up whenever a racist act heats up feelings.

Yes, 20 percent in Persan is clearly too much. The "alert level" has been reached, Robert Lebastard, the communist mayor, believes. "I can no longer accept anymore immigrants," says this former metal worker. The same can be heard in Aulnay-sous-Bois and Ivry, also municipalities controlled by the communist party which calls for a better distribution of foreigners among the urban communities. Persan, Aulnay-sous-Bois and Ivry, therefore, have closed their doors to immigrants in need of housing in the same way that in 1974 France banned the immigration of new foreign workers before it encouraged, three years later, the return of foreigners to their countries.

French immigration policy has not been publicly debated. It has been debated partially and not in its overall aspect. This fault promotes an unhealthy climate. Yet, no one in the governmental parties rejects the need of a clarifying discussion. However, the topic is terrorizing, for it unleashes the passions. It cannot be approached calmly. Launching a confrontation in the area of economics, and speaking of housing and schools means both to excite latent xenophobic feelings and be accused of racism. Be it generous or authoritarian, any measure pertaining to immigrants triggers extreme reactions. "Throw them out," some would shout; others would claims violations of human rights. The secretary of state is the recipient of dozens of such letters. Such crossfire forces those in charge to take the most prejudicial steps: the "step by step approach," as admitted by Pierre Prouvost, the socialist mayor of Roubaix. The government acts the same way for the same reasons.

The precise number of foreigners living in France, both immigrants and refugees, is unknown. According to the Ministry of the Interior there are 4,130,000, 1.8 million of whom are workers. However, the residence permits on which the figure is based are not always returned on departure. The Insee estimates 3.7 million. However, isolated cases are ignored. This difficult census is further complicated by clandestine residents.

In 1978 the authorities turned back 25,000 irregulars. In 1979 they turned away 28,000. This strictness, the strengthened border control, and the creation of 10 additional posts have not blocked clandestine entries. According to Jean-Pierre Bintilhac, head of the interministerial liaison service for the struggle against manpower trafficking, there are between 200,000 and 400,000 people residing illegally in France (not all of them, however, working illegally). Once in the country, some of them destroy their papers thus becoming entirely

anonymous. Those who do not fall in the hands of an abusive employer try to procure themselves forged residence permits paying between 3,000 and 5,000 francs. Officials hesitate to regularize the status of the illegal residents, for such legalizing, they say, triggers rumors of laxity which reach the country of origin and encourage more naive people to leave their country. They are found later, treated as slaves, in underpaying workshops.

The clustering of foreigners leads the French population to overestimate their numerical strength while the municipalities which they settle claim unfairness. However, such concentrations are difficult to avoid. The immigrants have settled in the industrial areas which recruited them, in the villages which offer them the best social services, and in the low-cost residential districts. It is no wonder, therefore, that they have concentrated, above all, in leftist communities: some 14 percent in Marseille and 20 percent in Roubaix, whereas "neighboring agglomerations," complains Pierre Mauvost,"employ 500 to 600 immigrants without housing any." There are over 20 percent in Persan, where only one out of 10 residents has a local job. There are almost 20 percent in Levallois-Perret, whose communist mayor Parfait Jans, regrets the lack of cooperation with other districts, with Neuilly or Asnieres. Regional solidarity is, in fact, working poorly. The authorities try to promote it but their means of persuasion are limited. The municipal councils know the burdens which would be inflicted on the community's finances. They are aware of the fact that in Venissieux (Rhone) 70 percent of the immigrants are registered with the social aid office. Finally, they are aware of the feelings of their communities: a silent animosity toward foreigners. As a high official noted, "One must be a virtuous mayor to offer hospitality to Arabs or blacks." This virtue is not widely shared.

Persan, Roubaix, Villeurbanne and Levallois-Perret are unwilling to accept the lot of ghetto cities which seem to be their promised lot. To avoid it, here and there population mixing has been attempted. In Villeurbanne, the students of two primary schools were successfully mixed. One of them was the Jules-Ferry, attended by immigrants; the other was the Louis-Pasteur, only last year still reserved for the French. But will the municipal authorities succeed in extending this experiment to the primary schools? Opposition has already been voiced at the very mention of the plan.

In Roubaix 1,200 housing units are under construction for both immigrants and nationals on the wreckage of the unhealthy Alma-Gare district. Foreigners and middle classes have been called upon to live under the same roof on a 10 percent ratio. Urban planners, helped by a voluntary workshop, have taken the necessary measures to facilitate such cohabitation. It remains to be seen if this middle class will renounce the general trend of flight tothe suburbs and new cities.

The tolerance of a group of people for foreign elements has its limits. It is said that a "threshold" exists which should not be surpassed. This is an American expression. Veronique de Rudder, a researcher at the CNRS [National Center for Scientific Research] attributes the tern to Chicago sociologists who have used it in a study on the forming of ghettoes. According to these Americans, however, it would not be a question of analyzing a rejection phenomenon. This notion acquired a new meaning on this side of the Atlantic. It appeared in France at the beginning of the 1970s, at the time that the slums were resorbed and their populations were relocated. The comparison (not very pleasing) with

the customs of animals seemed to support it, hence its success. Actually, it does not have a solid foundation.

Furthermore, it is dangerous, emphasizes Albert Levy, secretary general of the MRAP [Movement Against Racism and For Friendship Among the Peoples], for it provides, according to him, a "scientific support for racism." Actually, too many factors are involved to make it possible to determine precisely at what point the rejection mechanism is triggered: social cohesion and nature of the group of immigrants, environment, thickness of apartment walls, etc. Therefore, this formula which has become popular may not be found in official documents.

Following its own logic, the government has banned all quotas. Lodgings and schools are open to all without discrimination. The Ministry of National Education follows this rule. It does not refuse to accept any student without, however, ignoring the fact that "with 30 to 40 percent immigrants, the French parents are tempted to withdraw their children." Being less respectful, the HLM office tries to keep down to 10 percent the proportion of foreigners in a residential building. "Beyond that," claims the mayor of Persan, "our requests in support of a Moroccan or Portuguese family are automatically denied." Unquestionably, no other means for preventing the formation of a ghetto are known.

France was late in showing any concern for its immigrants. Thus, it took it a long time to acknowledge the difficulties they presented. In Roubaix they have followed the Flemish: two rows of houses facing each other behind shops and bars. Heat was provided by the cooking range. The only water tap was at the end of the courtyard and the toilets were shared. However, the rent was very low, even though higher than in 1939 when it was the equivalent of a bag of tobacco.

This influx will not trigger major incidents, for history has taught tolerance in Roubaix. However, it is aggravating the misery and hindering renovation programs. In 1967, Denise Prouvost-Franchomme, deputy mayor, considered sponsoring a discussion to alert public opinion. She mentioned it in city hall and in neighboring municipalities. A deafening silence was her answer. "No one wanted to show any interest for the immigrants. At that time any educator who tried to teach them the alphabet would acquire a bad name." She went to Paris and toured the ministries. She met with the same indifference. It was only in 1973 that the event took place involving the participation of an official in charge of "the poorly housed" in the course of the Sixth Plan. To her knowledge, he was the only official concerned with the lot of the migrant workers.

The big immigration started in France in 1956. Over the next decade 135,000 foreigners were to enter France every year. Most of them were smuggled into the country. At the beginning of 1970 eight out of 10 had neither permits nor contracts. However, these illegals had no trouble in settling their situation. Vulnerable, mobile, unorganized, accepting positions and wages rejected by the French, these workers were welcome. "Immigration," said Georges Pompidou, then prime minister, in 1963, "is a means for creating a certain detente on the labor market and to resist social pressure."

A crisis came and unemployment developed. People started looking at immigrants differently. Some of them had already married and had children. They were no longer as mobile. Their children, who it was believed, would find jobs in plants or construction sites, refused to follow their parental steps. The fathers began to formulate claims. With or without the help of the trade unions, they did not hesitate to challenge the authorities. The subway cleaners struck for 40 days and those at the Roissy Airport struck five weeks. The tenants of the Sonacotra (National Company for the Construction of Housing for Workers) Centers refused to pay their rent. More recently, in October, in the Houilleres Mines of the Lorraine Basin, 1,130 Moroccans hired on the basis of an 18-month contract, put down their tools claiming the status of miners. Briefly, the old "boiler stockers" showed a tendency to behave like the French. They asked to be treated as Frenchmen at a time when over one million Frenchmen were looking for jobs.

Why, after having closed its borders, is the French Government now urging them to leave France? Would it be because they have become less tractable? Sometimes the idea of selective manpower is voiced. According to its supporters, the disobedient and the least assimilable among them would be removed before the expected affiliation of Spain, Portugal and Greece with the Common Market. This applies to immigrants from Africa, whether white or black, who create "pockets of foreigners" and tensions.

In fact, as targets of racism, a source of friction with Algiers, and reluctant to become naturalized (990 in 1979 as compared with 6,000 Portuguese), the 800,000 Algerians are the first targets of the measures to encourage departure. However, they are in no hurry to return to their country. Few among them have applied for the payment of 10,000 francs offered over the past 2 and 1/2 years. These account for no more than four percent of the 85,000 who received it. Basically, the "immigrant million" went to the Portuguese and the Spaniards (60 percent). An additional bonus in the same amount paid by the enterprises did not provide any additional stimulus to natives of Kabylia or Mitidja. Peugeot tried this experiment. By mid-September the results of this operation, initiated on 3 July, was the following: Over 700 people benefitted, essentially Yugoslays and Portuguese. It is believed that a more advantageous agreement signed with Algeria last September would eliminate some hesitations. It was the wish of Paris to cover an annual contingent of 100,000 volunteers. The figure was reduced to 35,000.

After spending 17 years in the Paris area, Mahmoudi B., a worker at Citroen in Levallois-Perret, is getting ready to leave. However, he claims, it was not the compensation that determined his choice. Nor is he leaving because his wage of 3,000 francs seems small: He lives in a center, his rent is 535 francs, and every two months he is able to send 1,000 francs to his wife and seven children in Algeria. No, the reason which has prompted this 44-year-old Algerian to leave is that he is "fed up to be bothered at all times." There are endless police checks and racist insults: "Things began to go bad in 1979," he says. There were xenophobic demonstrations, crises, and threats, real or assumed, of expulsion. These were all elements which affect the decision of immigrants to go home.

But who would replace Mahmoudi at Citroen? Another foreigner? No, a Frenchman, the government hopes, for the struggle against unemployment is its only motivation. "It is our only reason," confirms Lionel Stoleru, secretary of state in charge of immigrants. Having decided to reduce this competition, France had a choice between two attitudes: either the forceful expulsion or encouragement of voluntary departure in coordination with the country of origin. The second solution prevailed. "This is a generous policy," Lionel Stoleru says, "and the most liberal in Europe." It is approved by the parties and the trade unions (more or less openly) as long as it respects the principle of voluntary action and is not accompanied by arbitrary measures.

The government, therefore, is hoping that the French will replace the immigrant workers. This is a gamble. It is the people from the Maghreb, the Spaniards and the Africans who made half the French cars and one machine out of seven. They also built 90 percent of the highways. Could one now do without them?

Some consider this doubtful. They base their skepticism on the insufficient raises of wages for manual work (to the present). In 1976, Anicet Le Pors, communist senator representing Hauts-de-Seine, studied the possibility of manpower substitution. His conclusion was that the release of 150,000 jobs held by immigrants would make it possible to hire no more than 13,000 nationals. However, this was merely a projection. Last October Lionel Stoleru asked the ONI (National Immigration Office) to verify this. Initially, the investigation covered two departments: Oise and Haut-Rhin. The initial soundings revealed the happy surprise that one out of the three released jobs was filled by a Frenchman. The survey was extended to 10 other departments and then to yet another four. The same average prevailed: one job eliminated, a second returned to a foreigner, and a third filled by a Frenchman. This was more than one could hope!

In Paris, henceforth, every second street sweeper is French. This development, unthinkable several years ago, confirms, therefore, the trend revealed by the investigation. Yet, there are nuances, some of which substantial! In many cases these French street sweepers are from Mali or the Maghreb, recently naturalized. As to the results of the investigation, they vary according to the area and the economic sector. They are not equally good everywhere. Here and there employers are hard put to replace a Moroccan or Yugoslav worker. Says a Oise farmer: "One would think that the French find working the soil more degrading!" According to the owner of a construction enterprise (23 workers) in Eure-et-Loir, "It is impossible to interest the French. There is tremendous demand for the Portuguese."

In Persan the Hutchinson-Mapa Company (500 employees) lost 15 of its immigrant workers before May and 8 in July. There were, therefore, 23 job openings which it tried to fill with Frenchmen. Only five were filled. It had to rehire foreigners to fill the others. Was this due to a reticence to work side by side with the people of 12 nationalities employed by this establishment? Was it a rejection of the decrepit machinery, the three-shift work, or the average wage of 3,500 francs? The chief of the personnel department does not underestimate these disadvantages which are inherent in the rubber industry. However, more

than the hardship of the job he blames a mentality, "the rejection of a certain kind of manual labor. Therefore, "boiler stockers," people ready to do the worst kind of work or, briefly stated, immigrants will be always needed. Construction, metallurgy, hotel work, cleaning, maintenance, and the mines are as many sectors still needing their work.

Consequently, it would be useless to believe any longer that this entire population is in transit. Kept by the requirements of the economy or the conditions governing their return to their country of origin, a number of foreigners will remain in France. This fact must be known and we must prepare ourselves for the advent of a society which, together with the refugees, will include numerous minority groups. Unlike the United States, France does not accept different habits without reservation. This is its nature. It expects of the foreigners to become assimilated. No question, it woulb absorb Asians, the Portuguese and the Spaniards. However, this will not be the case of the blacks and the people of the Maghreb.

Integration requires several generations. In the case of the Poles, even though they were Roman Catholic, it took four generations. Most Algerians came to France before their country gained its independence in 1962. Many of them asked their wives to rejoin them. Together, they had sons and daughters. Some were born French while the others suffered rather than benefitted, from double nationality. Having no specific culture, most of them missed their opportunity to join the natural community. They fail at school, they do poor work and frequently become delinquents. Here is Kader, 18, whose vocational school training in Tourcoing lasted 15 days: "At home there is no discussion. What would we talk about? You sit at the table, you eat, you say nothing. . . But then, one has pals. Some of my friends go to jail every second month. You steal a car for a little joy ride and you don't care. You understand? Everything is disgusting." Being neither Algerians nor French, these children from nowhere are a second generation Algerians, a sacrificed generation, victims of the negligence with which France, which shut its eyes, treated its immigrants years on end.

The eyes were opened by the economic crisis. Pity that this was the reason. One could not imagine worse circumstances for giving a multiracial society a chance. The affected French people tend to hold the foreigners responsible for their hardships. They blame them for wrecking a neighborhood without realizing that the neighborhood had already gone down. They charge them with slowing down school studies without realizing that the standard of studies also depends on the quality of the personnel and the number of students per classroom. Finally, attribute the foreigners the impoverishment of their area without analyzing the profound reasons for this decline.

It does not take very much for this confused resentment to turn into open hostility. However, denunciation of racism by itself will not be sufficient to block a chain of events which may turn out tragic or, in any case, worrisome.

Foreigners in France

| | Au 1er/1/1980 | Au 1er/1/1979 |
|---|---|---|
| Ensemble de la population française (estimation Insee) | [illegible] | 53 371 000 |
| Nombre d'étrangers | [illegible] | 4 170 353 (7,81 %) |
| dont réfugiés et apatrides | [illegible] | 106 787 |

| Principales nationalités (non réfugiés) | | Au 1er/1/1980 | Au 1er/1/1979 |
|---|---|---|---|
| EUROPE | Portugais | [illegible] | 873 736 |
| | Italiens | | 496 079 |
| | Espagnols | | 457 134 |
| | Yougoslaves | | 73 232 |
| | Polonais | | 74 364 |
| | Turcs | | 86 668 |
| AFRIQUE | Algériens | | 819 033 |
| | Marocains | | 386 901 |
| | Tunisiens | | 180 439 |
| | Sénégalais | | 27 230 |
| | Maliens | | 19 080 |

(20) Source : ministère de l'Intérieur.

Key: (1) On 1 January 1980
(2) On 1 January 1979
(3) Total French population (Insee estimate)
(4) Number of foreigners
(5) Of whom refugees and stateless
(6) Main nationalities (non-refugees)
(7) Europe
(8) Portuguese
(9) Italians
(10) Spaniards
(11) Yugoslavs
(12) Poles
(13) Turks)
(14) Africans
(15) Algerians
(16) Moroccans
(17) Tunisians
(18) Senegalese
(19) Malians
(20) Source: Ministry of Interior

The table shows the number of immigrants belonging to the biggest communities and their share of the foreign population living in France. Not included are refugees (Vietnamese, Kampucheans, etc.) and stateless persons.

The following map shows the share of foreigners (non-refugees, refugees, and stateless) in each department.

Breakdown of Foreigners

Key: (1) From 0 to 2 percent

(2) 12 percent and higher

(3) Paris region

## FISCAL POLICY OF QUEBEC GOVERNMENT ASSAILED

Quebec LE SOLEIL in French 1 Nov 80 p A 5

[Text] The Quebec government's financial situation, without being desperate, is serious enough to lead the fiscal expert, Marcel Belanger, to propose the adoption as soon as possible of a 5 year recovery plan. Mr Belanger a certified accountant from the Old Capital, considered by many to be the best fiscal expert in Quebec, made this proposal during a lecture he gave yesterday before the members of the Quebec Province Chamber of Commerce.

Stating that he had been entrusted with a delicate task when asked to discuss Quebec's public finances, the fiscal expert declared "I have tried to carry out this task in complete objectivity, well aware that even if it hurts, truth should be heard."

Considering that the most difficult problem is for our political leaders to accept the serious nature of the financial situation we have plunged into, Mr Belanger suggests that we should do the same as in Ontario, where a few years ago a 5 year recovery plan was developed whose aim was holding the growth of budgetary outlays to a rate less than the rate of increase in national production.

"Let us say frankly, we need a 5 year austerity program: eliminate useless expenses, stricter financial controls, moratoriums on new programs and gradual reduction of the indexing of salaries, incomes, and income transfers, except for social welfare payments to truly deprived persons," Marcel Belanger stated.

### Indexing

The fiscal expert especially attacked indexing. According to him this method is a mere pain-killer directed at the effects, not the causes of inflation.

If it proves impossible to abolish indexing a good part of the outlays, one must then accept eliminating indexing individual income taxes. It would be difficult, on the one hand, to index upward salaries, incomes, and income transfers and, on the other hand, index downward the most important sources of fiscal revenues, the individual income tax," he affirmed.

While admitting that the current government has seriously tried to brake the increase in outlays having to do with existing health, education, and welfare programs, Belander asserted that in carrying out a part of its social programs the current

government had undertaken programs without possessing the means, and the effect has been to increase already existing deficits.

Current Outlays

The greatest reproach Mr Belanger addressed to Quebec's Finance Minister is for having constructed into a carefully thought out policy what had previously been a mere expedient of borrowing to finance current outlays. This practice of going into debt to finance current outlays had a timid beginning under the Bourassa government during the 1975-76 fiscal year. Mr Belanger used the term "timid" because the sum was modest, $99.3 million. Next, in the 1976-77 fiscal year, Mr Garneau became less timid. He borrowed $398.3 million to finance current outlays.

For his first budget, in 1977-78, Mr Parizeau also acted timidly. Loans of $296.3 million were used to finance current outlays. But in 1978-79 Mr Parizeau took courage. "The practice of financing a part of current outlays became a well defined, intentional fiscal policy. The Finance Minister began, intentionally, to forecast in his budget speeches larger deficits than capital outlays. In other terms, intentionally and at an accelerating pace the government decided to have recourse to long term borrowing to finance current outlays," Mr Belanger explained. "That was a major turning point in the evolution of Quebec's budgetary policy. What had been a lack of caution during the preceeding two years became what the government now considers a quite acceptable policy," concluded the speaker.

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NEW ENERGY SOURCES: TIDAL POWER STATION RECOMMENDED

Paris LE MONDE in French 12 Nov 80 p 16

[Article by Alfred Kastler* "Exploiting the Tides: The Opportunity France Does Not Want to Seize"]

[Text] In the spring of the year 709 A.D. a great equinoctial tidal wave submerged the coasts of the Breton mainland, flooded the Scissey Forest, cut off the Chaussey isles and Mont Saint Michel from the mainland and struck against Mont-Dol, inundating around 1000 square kilometers of French territory. To the south, between Cancale and Mont Saint Michel, a strip of land 15 kilometers wide was wrested from the seas thanks to men's tenacity, but the rest remains submerged and today it forms a vast marine zone between Brittany and Cotentin whose depth nowhere exceeds 15 to 20 meters.

Despite this shallow depth, apt to discourage sea movement, the extend of the ride reaches record figures, thanks to the phenomenon of reverberation. The tide range, according to the season and stages of the moon, is from 12 to 14 meters between high tide and low tide, a breadth equalled only on a few rare other coastal points on earth. The Breton Basin thus constitutes a privileged place, unique on earth, to make use of tidal power with maximum efficiency. That is a piece of extraordinary good luck for France. No doubt if an enterprising people like the Dutch disposed of such a godsend Prince Charming would ages ago have awakened the Sleeping Beauty.

But the Princes who govern us do not seem to agree. It would appear that compared to the promises of nuclear energy, tidal power would not be economically profitable. In any case that is the explanation for postponing the construction of a project the EDF (French Electric Company) had already investigated on several occasions. It is interesting to note how the public authorities scarcely showed the same prudent wisdom when they decided to build the La Villette slaughterhouses, the ocean liner France, or the Concorde airplane. Considerations of prestige then prevailed over economic concerns. The construction of the Concorde is doubtless a remarkable technical achievement. With current oil prices it is turning out to be an economic catastrophe. One c dream: if during the 1960's the public authorities had decided to build a Breton tidal

* Nobel Prize winner, member of the Academy of Sciences

power complex instead of building a supersonic airplane--a great glutton for oil and foreign exchange--our country today would have an independent source of energy which would reduce our purchase of oil by 10 million tons per year.

We blame no one since no one could have foreseen during the 1960's the tremendous increase in oil prices during the following decades. One can make mistakes, but one must not keep on making them. We assert that the construction of a Breton tidal power complex is a national, even international, obligation. It is unpardonable to continue to use up non-renewable sources of fossil energy and to leave unused a source of energy that is renewable for millions of years.

As Much as Five Nuclear Power Plants

To be sure, the construction of a project of such dimensions would require a great financial investment, of the same order as that required for the Concorde, an investment which could be calculated at around 50 billion 1980 francs. This problem could be met by borrowing. If recourse to borrowing to cover annual budget deficits is to be condemned--since that amounts to making future generations bear a burden the current generation declines to assume--borrowing is perfectly legitimate and is quite advisable, to achieve a work from which not only this generation but also future generations will derive very great benefit.

The state would easily find lenders satisfied with a modest interest rate on condition of indexing the capital loaned to the price of energy, which in this case would be reasonable and just.

The production of energy extracted from the Breton basis can be placed at approximately 30 billion kilowat hours per year--equal to the energy produced by five large nuclear power plants with a capacity of 900 megawatts--without any need to export hard currency. It is true that the price to pay to produce a kilowatt hour will be, at least during the first years, higher than the current cost price per nuclear kilowatt hour. But ecological concerns ought to be weighed along with economic considerations in making such a comparison. We find unsound the demands of certain ecologists for the total elimination of nuclear energy sources which our country cannot do without in the short term, and consider it essential to provide the nation with diversified sources of energy, taking into consideration ecological factors. However, tidal power energy has, on the ecological side, undeniable advantages since it causes neither heat pollution nor chemical pollution nor radio active pollution. It is in this regard comparable with solar energy but is superior to the latter in our latitudes from the standpoint of regularity of operation.

Finally, by combining, as Albert Caquot proposes, the Breton tidal power plant with a nuclear power plant confined to a platform to be constructed, the nuclear power plant could be cooled by the abundant volume of water, thus reducing the heat pollution of our rivers. Despite periodic fluctuations in marine energy this combination would make possible a flexible flow of energy adapted to consumer requirements.

As Robert Gibrat[1] has eloquently pointed out, the Rance prototype of tidal power plant using bulb turbines (turbines bulbes) clearly demonstrated the value of the tidal power techniques. This experiment gives us the assurance that a larger scale construction is possible and our technical potential assures the success of such effort.

No doubt such a construction would raise environmental questions. It would involve, in particular, a certain change in the tidal flow, but numerous studies made on a reduce scale showed that there would be no undesirable consequences.

I note that the site of Mont Saint Michel would by no means be altered by the existence of far away dikes. Its inevitable silting up would be retarded by using the sand accumulating near the Mount as a quarry for dike material.

The eminent engineer, Albert Caquot, one of the veterans of the Academy of Sciences, who passed away recently at the age of 95 years and who gave our country so many brilliant achievements, passed on to us as a legacy a minutely detailed plan he developed in 1976, shortly before his death.[2] His plan called for the construction of the Breton complex in successive steps. In the first phase a platform would be constructed going out into the sea beginning at point Granville-en-Cotentin and there would be installed, far from any urban agglomeration, a large nuclear plan using sea water for its cooling. Then, from Cancale point in Brittany there would be built the first section of a great north-south dike, which with the platform mentioned earlier would allow the enclosing of the south basin which would serve as a reservoir for a first tidal power group. During the final phase the energy dike would be built. The whole would permit Brittany to have an economic development comparable to that enjoyed by the south-east of our country due to the hudroelectric development of the Rhone.

Unprofitable?

But is it reasonable to undertake an effort profitable in the long range during an economic crisis and when short term problems capture the attention of the public authorities?

We say one must undertake such a work, not despite the crisis, but because of the crisis. Such an enterprise would have the same effect on our stagnating economy as Franklin Roosevelt's New Deal which permitted the United States to develop the Tennessee Valley and overcome the grave crisis of 1929. Since an effort of this scale would give work to our siderurgy, which would be called on to furnish like caissons; it would revive the construction industry and put to use the mechanical and electrical industries.

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1 R. Gibrat "Sea Energy" Presses Universitaires de France, 1966; "Rance Tidal Power Plant" Report to Bureau des Longitudes in March, 1975.

2 J. Kerisel, "Albert Caquot" Eyrolles, Paris, 1978.

We oppose the following arguments to the objections of non-profitability: In the analysis of cost-price of a plant it is customary to use an amortization period of 20 years to take into account the depreciation of equipment. The high price of the tidal power complex is due basically to the need to construct dikes. Once these are built they can serve for centuries, maintenance costs being low compared to construction costs.

Finally, what does unprofitable mean at a time when the state is obliged to pay a million and a half unemployed to do nothing? Would it not be better to exploit the available manpower potential and technical capacity to construct a great work of human value?

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## PRIME MINISTER SPEAKS ON ECONOMY

### Text of Speech

Athens TO VIMA in Greek 5 Nov 80 p 2

[Text] In a speech yesterday evening via the radio and television media about economic developments in our country, Premier G. Rallis said the following:

There are two reasons which compel me to communicate directly with you so that I may report to you with candor--as I have always done--the true economic situation of the country.

One reason is the drawing up of the budget for the coming year, 1981, and the second is the wave of strikes which have been appearing these days--a wave which, if it grows much greater, can pose a threat to subvert the country's economy.

I consider it not only my duty but also eminently practical to tell you the whole truth and only the truth about this. Because only when everyone knows the truth--those governing and those governed, the members of the administration's party and those in the opposition--can we responsibly determine the extent not only of our rights but also of our obligations vis-a-vis the State, which is made up of all of us. Therefore I will relate to you as simply and as clearly as I can the true economic situation of the country. In this way, all will understand what possibilities exist for the state budget and up to what point they can seek the satisfaction of their demands. The basic economic objectives which we set during 1980 are apparently being realized. Specifically: With the restrictive policy which we have followed in the monetary sector, and to a less extent with respect to revenues, as well as with some restraining of expenditures in the public sector, we have managed firstly to stabilize inflation at last year's levels, secondly to reduce to tolerable levels the gap in transactions on current account in our country's balance of foreign payments, and thirdly to avoid an increase in unemployment.

We have achieved these things thanks to the cooperation of almost all of the productive classes, and we have created by now the necessary conditions for further economic progress and for a significant decrease in inflation during 1981. Thus it would be bad--and terribly dangerous--for us to destroy all those things which we have achieved with so much toil, by squandering the public money in satisfying excessive demands, for the sole reason of making the government

appear agreeable to the various social groups. As you will realize from the data which I will present to you, the restraining of the monetary incomes of wage-earners throughout the economy has not been done to the detriment of their purchasing power. It is simply the case that during the last 2 years, and especially in 1980, the redistribution of income in favor of the working people has not continued at the same rate as before. And this was done in order to avoid an acceleration of inflation (which would have consumed the increases) and an increase in unemployment.

For 1980, an increase of 1.5 percent in the domestic product is expected, compared to 1.3 percent in the EEC countries, while the goal of the government's economic policy for 1981 is an increase of 3 percent in this product, compared to an anticipated rate of growth of 0.6 percent in the EEC countries.

In the labor sector, the provisional data show an increase in employment this year of 1.5 percent, compared to an increase of 0.2 percent in the Community. Moreover, in Greece unemployment is keeping to the level of 2.5 percent of the work force, compared to a figure of 6.5 percent for the month of September in the Community.

The 1981 Budget

The budget for the coming year again will be balanced. And it will be balanced not only because this is what a prudent managing of the public finances and an orthodox economic policy dictate, but also because if it were a deficit budget it would create an inflationary psychology. A psychology which we should resist in every way possible, because inflation constitutes the greatest danger--a cancer--for our economy. Inflation is the great enemy of the prosperity of each of us, but it is the enemy of the working people above all.

The balancing of the 1981 budget was not an easy achievement. And this is because its revenues will be lessened by 22 billion drachmas due to the tax cuts which we decreed and announced last September. In consequence, only a small amount of leeway is left. And with this narrow leeway the needed increases in the payments and wages of public employees and pensioners have to be supplied, and increased expenditures for welfare, health, and education have to be covered.

Specifically, the expenditures anticipated in the 1981 budget for social welfare, public health, and education will be higher next year, because up to now priority had been given (for the reasons which all of you are aware of) to dealing with the defense expenditures. And this delay has created social problems whose consequences have been felt by all of us. For this reason, this delay could not be prolonged any more.

We ought to deal with all of these increased needs, not by means of new taxes, but by reducing tax evasion. It is an open secret that a large percentage of taxable value escapes from the income tax as well as from the indirect taxes. And this wrong must come to an end. Not only because the extermination of tax evasion is necessary if the revenues of the budget are to be strengthened, but also because it gives rise to a warranted feeling of social injustice. And it creates a vicious cycle. Everybody thinks that since his neighbor is escaping

taxation, why should he himself pay taxes? We must understand at last that we all are jointly responsible for the fate of this country. And that every drachma which we hide from the tax collector is one which we take away from the income of our neighbor, who pays taxes on our own behalf as well.

I believe that I have explained to you clearly what the present situation is, what the guidelines were which we followed in drawing up the new budget, what our goals are, and what possibilities we have at our disposal. It is within the framework of these possibilities that we will try to protect the purchasing power of the wage-earners. To grant increases beyond our existing capacities would mean an intensification of inflation, which will hurt all of us, but above all the wage-earners and the more needy classes. Because the well-off can deal with inflation more easily, while a very small number of businessmen who have borrowed heavily may even benefit from it.

The Housewife Should Resist

I appreciate the right of working people to seek increases in their earnings and improvements in their standard of living. Just as I understand also the headache of the housewife in handling the daily expenses. But she herself should oppose the trend of profiteering and overconsumption, just as housewives throughout the world are resisting this. She can search out the lowest-priced store, she can buy the least expensive item, and she can cut out [? word illegible] family expenditures for luxury articles or ostentatious items.

As for the complaints of the workers, I should remind you that during the last 6 years, job pay in the economy as a whole has increased significantly in relation to the cost of living.

More specifically, in the sector of industry and for the interval 1975-1980, the pay received by white-collar workers increased by 210 percent and that of laborers increased by 242 percent, so that in relation to the cost of living the real increase was 29 percent for white-collar workers and 42.4 percent for laborers.

During the same interval, the remunerations of civil servants increased by 227.2 percent and those of pensioners by 177 percent, which in comparison with the increase in the cost of living signifies a real increase of 36.2 percent for the civil servants and 15.3 percent for pensioners within this 6-year period.

Even in the last 2 years, when a more rapid increase in inflation was noted, the average job pay increased by 19.5 percent in 1979 while the cost of living was increasing by 19 percent, and in 1980 the average job pay is expected to increase by 23 percent, compared to an increase in the cost of living of 24.5 percent. And we have more than made up for this difference through the tax cuts.

Thus it is manifest that from the change in government up to the present the standard of living of wage-earners has improved in real terms. This is the truth. During the 4-year period 1975-1978, pay was increasing more rapidly than the increase in the cost of living, while in 1979 and 1980 the increase has been about the same as the cost-of-living increase. In the latter years, we had to choose between an increase in salaries equal to the increase in the

cost of living, so as to not create unemployment, and an increase at a higher rate than the increase in the cost of living, with the danger of a rise in unemployment. And we chose the first path, so that we would not see in our country the social problem of unemployment, which almost all the other countries are facing.

Moreover, we must not forget that there are two ways in which it would be possible to create the impression that the demands now being raised are being met. By the imposition of new taxes, or by means of a deficit budget. But a new tax would mean an undue burdening of the people, which is unacceptable. On the other hand, a deficit budget would lead directly to an intensification of inflation and a disruption of the economy. And I must tell you that I refuse to cooperate in such a disruption, which would mean catastrophe.

You should have no doubts that the government would like to give the increases which each group is asking for. But take my word for it: The government cannot grant inflationary increases which would upset the sensitive economic situation.

I refer for example to the DEI [Public Power Corporation], where they are asking for excessive increases. If it were given these increases, they would raise the present deficit from a little more than 5 billion to between 11 and 12 billion drachmas, which with any increase in the price of oil and the other factors of cost would raise this deficit to 20 billion drachmas.

The day before yesterday, I read in the newspapers--in huge headlines--"Confrontation of the Government With the Workers." I am sincerely distressed to read such a slogan. The government is not in confrontation with the citizens. We do not belong to hostile camps confronting each other. The government is struggling for the interests of the whole. And in this struggle there are no winners and losers. All of us will be victorious, or we will all lose out.

Holding Down Inflation

Therefore I call on all working people, both in the public and in the private sector, to understand the true state of affairs and to cooperate so that inflation can be checked. Because this is their true interest, which coincides with the more general interests. Strikes are the last means of exerting pressure. But they do not furnish a solution when they are carried out even when the strikers know that the country's economic situation does not permit their demands to be satisfied. They simply paralyze, disorganize, and weaken the economy. Thus they end up reducing the possibilities for satisfying even those demands which could have been accepted.

I can officially assure you that the course of the economy is auspicious. The balance of transactions on current account in the balance of payments left a surplus of $101 million in August and $58 million in September. Thus, as of September the deficit in transactions on current account was shaping up at last year's levels, even though up to now we have paid $800 million more for the purchasing of petroleum than last year on account of its increased price. We have the same prospect also for October, so that we can reasonably expect that the deficit in the balance of transactions on current account will be reduced this year to $2 billion, whereas at the beginning of this year we

were figuring that it would reach $3 billion. The result of this favorable course is that the country's foreign-exchange reserves have increased by $510 million during the 3-month period of August-October, whereas during the corresponding period last year thay had increased only by $66 million. This optimistic picture is the result of a realistic economic policy which we have put into effect without counting on any political benefits. But it is also due to the spirit of cooperation and self-restraint which all the productive classes have shown during 1980, a spirit of cooperation for which they deserve the gratitude of all of us.

I am certain that you will all display the same spirit, along with a feeling of responsibility and with the will for us to secure a steady advance during 1981 as well--an advance for which the prospects are optimistic and which to a large extent depends on us ourselves. I thank you.

## Criticism by Political Leaders

Athens TO VIMA in Greek 5 Nov 80 p 2

[Text] Late yesterday evening the leader of the official opposition and chairman of PASOK [Panhellenic Socialist Movement], A. Papandreou, made the following statements concerning the premier's speech on television:

"It was unnecessary for the premier to inform the Greek people about the course taken by our national economy. The working people, the laborers, the farmers, the salary-earners, the businessmen, and the lower-middle classes have a direct and bitter experience of the economic impasse which the country faces. An impasse to which the inconsistent--or better, the non-existent--economic policy of the government has led us. Because the only consistency in this policy is the persistent effort by the government to saddle working Greeks with the responsibilities for inflation, the stagnation of productive investments, and the deficit in the balance of payments.

"Within the framework of this policy of one-sided austerity, the real income of working people is shrinking daily--both because of unbridled inflation and because of the taxation system, which is stripping away the nominal increases in the salaries and wages, increases which are coming about after laborious struggles for just demands.

"It is a tactic of the government to attribute the deeply negative developments in our national economy to the more general crisis of the world economy, but this alibi does not fool anybody. The economic crisis in our country is of another order of magnitude in comparison with the economies of the OECD countries. The profound crisis which our economy is passing through is due for the most part to the lack of a fundamental developmental program and to the thoughtless public-finance and credit policy of the government of the New Democracy Party.

"Instead of blaming the working people and the consuming public, the premier should recognize the heavy responsibilities of the New Democracy administrations.

"Instead of undertaking the fruitless attempt to persuade the Greek people that the present economic impasse is due to external factors, instead of monopolizing the mass news media for the purpose of deceiving the people--the premier, with an awareness of his political responsibilities, should resign. So that the country can proceed as quickly as possible to elections, which will elect a government chosen by the people--a government which will also have the will and the ability to check the downward course on which the premier and his predecessors have driven the trolley of the economy."

I. Pesmazoglou

The chairman of KODISO [Party of Democratic Socialism], I. Pesmazoglou, made the following statement in reference to the television speech of the premier:

"In the face of the social disorder which is looming ahead, Mr Rallis makes an appeal for cooperation so as to deal in common with inflation. But before this, the credibility of the government and of the faction which is governing needs to be restored. Because surely the objective opportunities exist for restoring to health and developing the economy. However, the crisis cannot be overcome by half-truths, but only with the whole truth, so as to make possible a new social understanding with respect to a more broadly acceptable policy. Such things do not emerge from today's speech by the premier. And for this reason, any acceptance of the called-for cooperation would be tantamount to collaboration in the concealment of the present state of affairs.

"The 'auspicious' prospects which the premier came up with are not the true prospects. The positive signs which he cited are superficial and do not give the complete picture. According to responsible estimates, an increase of 3 percent in the national income is not expected for 1981, but rather a stagnation, as is the expectation also for productive investments, which continue to be unacceptably low. But inflation will be lower than this year's 25 percent, which the government considers an achievement! This will mean a new decrease, and not a maintaining, of the purchasing power of working people and pensioners, which is not accounted for by the oil price rises, as the government invariably asserts.

"The picture which Rallis gave concerning fundamental problems is not right. Because:

"We do not have a restraining but rather an elevation of the public extravagance. The expenditures of the regular budget will be increased in comparison to the expectations, whereas the totality of public revenues will be lower than the forecasts, with the result that instead of having a surplus, the regular budget will leave a real deficit of about 20 billion drachmas. The government's candor is drained dry in its effort to cover up this deficit, which is even expected to be appreciably larger in 1981. Such a development, according to the assessment of the premier himself, leads to a disruption of the economy.

"The public organizations and the public enterprises are in a state of disorganization, with a fourfold increase in the deficits from their current operations. The continuing orgy of party appointments is leading to an unacceptable increase in their consumption expenditures, which is combined with a worsening of basic

social services (water, sewer systems, telephone, electricity, medical and pharmaceutical care, transportation, and the unacceptable situation in our children's schools).

"The confusion and the reversals of position are discouraging all creative initiative, and above all any productive investments. The workshop-industry and other small-scale enterprises face an acute problem owing to the decline in their activities and their insufficient financing.

"Such are the problems which daily worry the people and which are forcing them to resort to militantly fighting for their demands. The premier did not talk about these things. But they are not dealt with by way of the "self-restraint" of the housewife. What is required are specific solutions which enjoy a broad popular consensus."

Government Announcement

In response to the statements by the leaders of the opposition parties concerning the speech yesterday evening by Premier Rallis, a government spokesman said the following:

"The government regarded it as its duty to brief the Greek people on the country's economic situation in the most responsible way possible.

"The speech by Premier G. Rallis did not contain so much as a hint of an attack on the opposition. And it is regrettable that the opposition was not at all mindful of this point."

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CONSTRUCTION ESTIMATE FOR NEW AIRPORT PUBLISHED

Athens EPIKAIRA in Greek 6-12 Nov 80 p 22

/Article by G. Katsonis: "Fifty Billion Drachmas for the Airport"/

/Text/ It will take 7 years and 50 billion drachmas (in 1980 prices) for the new airport at Spata, one of the largest in Europe, to go into operation, according to a statement by Athens Airport Co. President Aristidis Papathanos. He also said that present plans call for closing down the Ellinikon Airport in 1987.

Already, the airport projects are being coordinated in such a way that the timetable will not be upset during their construction. The first step was the preliminary study which the Nako Co. of the Netherlands has already submitted. Most of this study was prepared in cooperation with Greek firms such as the Studies and Environment Company (Symeon, Kollaros, and so on) and therefore most of the tens of millions spent for it remained in Greece.

The bidding for the earth works budgeted at 7.5 billion drachmas will take place on 17 November. These projects will be assigned to Greek companies and will be completed in 3-4 years. They include construction of the first two runways and the grading of the whole airport area totaling 13,000 strammas. Five hills in this area will be leveled to facilitate the airplanes of the future. The third phase includes the final studies for the various projects such as are the first two terminals, the cargo buildings, the catering installations, the repair hangars, and so forth.

It was made clear that the new airport will be completed in two phases. The first phase includes the two runways and the two terminals--one for the foreign airlines (something similar to the present eastern terminal of Ellinikon) and a second terminal for the Olympic Airlines. It also includes all other necessary structures. It is estimated that this phase will cost 50 billion drachmas and will meet the air transport needs of the 1990 decade.

The second phase for the needs of the year 2000 includes two additional terminals and one extra runway as well as all other related installations necessary for unimpeded operations. For this phase, the 13,000-stremma area seems relatively limited and whether it will be sufficient or not will depend mainly on whether air transportation will lean toward higher speeds (in which case longer runways will be needed) or toward bigger aircraft which is more probable.

Capital Sources

Even though the search for possible sources of financing is not yet over, the appropriate authorities feel that the possibilities are satisfactory. With regard to the foreign exchange needed (for technical and electronic equipment), it seems that all formal difficulties have been overcome and that it will be possible for the European Investments Bank (EEC) to provide a percentage equal to the amount the Greek government is spending for the project (50 percent).

In addition--and this is encouraging--a real international interest has already been expressed for financing the project at interest rates much lower than those in the Euro-dollar market and of duration approaching 15 years. This possibility will be exploited following the preparation of a comprehensive feasibility study the conclusions of which, as concerns the airport's efficiency, will be the basis for the foreign banks which will undertake the financing.

As concerns the cost in drachmas there is the expensive property of the Athens Airport Co.--the area of the present airport, in other words. Its total area exceeds 5,500 strammas and is sufficient for the development of a tourist city with all modern town planning ideas and housing facilities. The land's value today may be exceeding 15 billion drachmas and this provides a sound reason for initiating the project, even though the land will not be available before 1987.

In any case, the notion of using to best advantage this choice area of the Ellinikon Airport is already conceived and one cannot exclude an early public bidding for ideas. The hotel installations, the parks, and affluent-level homes are the projects which come readily to mind. But one should not exclude the idea of establishing a /government/ administrative complex, especially if the plans for moving most of the ministries in the area of Kalogresa are ever implemented.

It seems that the development of Ellinikon will be a big project for the Public Enterprise for Town Planning, Housing and Shelter /DEPOS/ which is considered by everyone as the most probable agency to change the view of the best side of Athens. The question is, how soon, how perfect, how economical /this can be done/.

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## SUGAR PRODUCTION DECREASE REPORTED

Athens I KATHIMERINI in Greek 5 Nov 80 p 9

[Article by Kostas Dedes]

[Text] We will need to import an amount of sugar in excess of 120,000 tons in order to meet the needs of the market until we have the new production of the five sugar factories. Provided, of course, that the cultivation of sugar beets will return to the previous levels of the 4-year period 1976-1979, so that the production of the sugar factories can reach 300,000 tons once again. Domestic consumption amounts to precisely this level of 300,000 tons. Since this year's production will be limited to 180,000 tons, we will make up the deficit of 120,000 tons by imports.

On the basis of the sugar prices at the London Commodities Exchange, the price for a ton of sugar has gone beyond 400 English pounds. This means that for importing 120,000 tons of this product we should spend about $117 to 120 million--that is, 5.2 billion drachmas (more than 40 drachmas per kilogram).

Such imports totaling 120,000 tons will be required for the needs of the market from February 1981 on, given that--according to a statement made yesterday by a responsible governmental figure--the existing reserves from our domestic production will suffice up to this period of time.

The decrease in the domestic production of sugar is the result of a price policy which the government put into effect with respect to the sugar-beet growers, with the intention of stabilizing production at the levels of the last 3 years. The average annual volume of production in the last 3 years has been about 2.6 million tons. Up to this level, the obligation of the FEOGA [expansion unknown] to subsidize the income of the beet growers is operative. In order to achieve this stabilization of the volume of sugar production, the government did not readjust prices for those sugar beets destined for Greek sugar factories, figuring that in this way it would discourage the expansion of sugar-beet cultivation. But because the areas on which sugar beets are grown can easily accommodate cotton or corn crops as well, the expectation that their income from beets would not be readjusted made many growers turn to the cultivation of corn. This is a product whose price has been significantly raised, relatively speaking. Thus, the output of sugar beets dropped from 2.8 million tons in 1979 to 1.8 million tons this year, whereas the yield of corn is expected to go from 731,000 tons in 1979 to 1.072 million tons in 1980 (that is, an increase of 46.6 percent), which is also giving rise to the familiar problems of storing this harvest, because of a lack of storage areas.



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## 1981 DEFENSE BUDGET CUT, APPROPRIATIONS DETAILED

The Hague LEGERKOERIER in Dutch No 8 Sep 80 pp 2-16

[Report: "Defense Budget 1981: 179 Million Guilders"; passages in slantlines published in boldface]

[Text] In 1981 Defense will contribute an amount of 179 million guilders to the retrenchments of approximately 1½ billion which are being applied to the entire national budget. This cutback will result in the real growth of the defense budget being limited to about 1.5 percent next year. The distribution of the budget amount of 11,289 million guilders for 1981 over the entire defense organization also has added an amount of 92 million guilders for scientific research. The total then comes to 11,381 million guilders.

In the Memorandum of Explanation on the budget he submitted to the Second Chamber, Minister [of Defense] De Geus says that the goal of the 3 percent annual growth cannot be realized next year due to the difficult financial-economic problems. But it is emphatically meant to be a one-time deviation. In the estimates for subsequent years, a 3 percent annual increase of expenditures agreed upon in the NATO context is indeed included again.

According to the minister it is impossible to maintain the quality level of the defense efforts without such a growth. The current cabinet's government accord has as its point of departure the carrying out of the Defense Note of 1974. In the light of the current international security situation, this point of departure is certainly no less valid than it was in 1977, says the minister.

### New 10-Year Plan

The Dutch defense planning procedure, initiated in 1977, results every 2 years in a revised 10 year plan. In it, foreign-political, strategic, operational, personnel-related, technical and financial considerations are carefully adjusted to each other. According to the government, the plan now submitted shows how

form can be given to the Dutch defense effort in the eighties in a responsible manner. The plan correlates with the specific possibilities and interests of our country and fits into the joint defense set-up of NATO. Thus our defense apparatus will be able to buttress our position in the world as a nation with high quality equipment serviced by well trained and motivated personnel.

The 10-year plan was based on the continuation of the real growth of the defense expenditures by 3 percent per year over the entire period after 1981.

KL [Royal Land Forces] Provide Largest Share

The amount of 179 million guilders which Defense has to surrender in 1981 is found primarily by delaying equipment investments and building projects or by spreading the payments for those. In the personnel sector separate measures have been omitted because the voluntarily serving personnel is making its contribution through general measures for government personnel and because, as a result of policy plans with regard to the minimum youth wage, a sacrifice is being asked from draftees. Of the 179 million guilders, 16 million guilders is deducted from the item of pensions and unemployment pay, so that the amount of 163 million guilders has to be found in the actual defense expenditures.

For 1981 the Royal Land Forces are primarily concerned with the following projects: improvement of the Leopard-I tank, purchase of flatcars and the replacement of the YP-408 armored personnel carriers.

New Minister of Defense P. B. R. de Geus

Pieter Boudewijn Richard de Geus (51), the new minister of defense, was born in Rotterdam on 23 February 1929. He had the HBS-B [Secondary School] education and in 1946 he became a naval cadet in the Royal Navy. After training at the Royal Institute for the Navy he was appointed a naval officer in 1949. From then on he filled various sailing and shore functions in the navy. From 1962 to 1965 he worked on the navy staff in The Hague. From 1965 onward he studied economics at the Dutch School of Economics in Rotterdam where he took his doctoral exam in industrial economy in 1968. Afterward he was appointed industrial economist with the materiel administration of the Royal Navy. In 1976 he became part of the general directorate of economics and finances of the ministry of defense, which was being established at that time. Since 1 June 1977 he has been director general of economics and finances, as a civil servant.

Minister De Geus is married and has two children. He is a member of the Christian Historical Union. Since 1970 he has been a member of the municipal council of Maassluis in which he was the parliamentary group chairman of the CDA [Christian Democratic Appeal] group. He gave up these posts because they are legally incompatible with the ministership.

From 1965 to 1975 Mr De Geus was a military contributor for the Sijthof Press publications. At the same time he was also the chairman of the editorial staff of NAVY MAGAZINE, the organ of the Naval Officers' Association.

Minister De Geus will defend the defense budget in the parliament.

Minister of Defense P. B. R. de Geus has submitted his defense budget for the year 1981 and the Memorandum of Explanation pertaining to it on the opening day of the new session of the Second Chamber of the States General.

Some summaries and quotations follow on this and subsequent pages.

International Aspects of the Defense Policy

/Continue to Show Capacity for Defensive Action

It appears that international political-military relations in the eighties will be characterized by great tensions, according to the Memorandum of Explanation. Although various explanations are given for the behavior of the Soviet Union, it cannot be denied that that country is prepared to realize its goals by military means if necessary.

The developments in Afghanistan and Iran since the end of 1979 confirm that, in the security policy, developments outside of the NATO treaty area must also be taken into account. The Ottawa Declaration (1974) aims at such an eventuality. Expansion of the NATO treaty area is not under discussion. What is considered necessary, however, is closer consultation with the allies on events outside of this area which can directly involve our security.

The United States is taking upon itself responsibilities for security in other parts of the world. That could have consequences for the allied defense./

All this, however, does not alter the fact that the political striving continues to be aimed at having the process of detente continue in East-West relations. A good defense effort is not in conflict with that. Detente is possible only if a strong and determined NATO continues to demonstrate the desire and capability for defensive action to the countries of the Warsaw Pact. Then these countries will be prevented from cashing in on their large, continually growing military power.

With the concept of detente one must bear in mind that the Soviet understanding of that is different from the Western one. The Soviet Union sees detente, peaceful coexistence, as a situation in which the power blocks do not take up arms against each other -- that could imply risks too great for survival -- but in which the mutual ideological and economic rivalry does continue. In that view, military action may be taken even in areas where a big confrontation does not threaten directly. The West, on the other hand, sees detente as an element in international politics which applies to all areas and to the entire world. In the Western view, Europe must not be an island of detente in a world which for the rest is the free hunting ground for the power aspirations of the Soviet Union.

This difference of opinion, together with the international unrest to be expected in

the eighties, makes it more important than ever for this decade to continue the endeavors for arms control and arms limitation.

Power Proportions of Central Sector Threatens to Become Unbalanced

Although the economic prospects for the Soviet Union are not very bright for the eighties, there are no signs which indicate a decreased military effort. Soviet defense expenditures have increased again by another 4 to 5 percent in 1979. Because of this continuing increase, the percentage of the national income which is spent on military expenditures has risen to 12 to 13 percent. A considerable part of these expenditures is destined for research, development and the purchase of equipment. The results can be observed in qualitative improvements in all the branches of the military force.

The qualitative and quantitative improvement of the conventional armed forces of the Warsaw Pact also have continued during the past year. Naturally plans for modernization are being carried out by the NATO side also. This affects in particular the strengthening of the anti-tank defense in general, the replacement of fighter planes and -- with the allied naval forces -- the introduction of new surface vessels and highly improved arms systems.

Modernization in the NATO armed forces is taking place less rapidly, however, than in the Warsaw Pact. This difference in tempo is cause for concern. Although it is true that the Warsaw Pact has always been able to have more conventional arms at its disposal in the area opposite the central sector than NATO, and that the party who wants to pursue the defensive can suffice with fewer military means, one should guard against the power proportion becoming too unbalanced. There are signs of development in this direction especially in the central sector because modern and advanced means of battle are being introduced very rapidly in the armed forces of the Warsaw Pact, without NATO keeping up.

/In the military forces of the Warsaw Pact, the equipment that can be used for rapid and mechanized action is mainly modernized. Thus modern tanks, new amphibian tracked vehicles and mechanized artillery units are being introduced./

The extent to which the growth of the military power of the Warsaw Pact is the continuance of a long existing tendency can be illustrated by comparing the situation in 1980 on some points with that in 1970. In a period of 10 years, the total manpower of the armed forces of the Warsaw Pact has increased by 20 percent.

The number of Soviet submarines with nuclear missiles has tripled, while the number of surface vessels has increased from 200 to 275. The air fleet of the Warsaw Pact, including helicopters, has increased by 30 percent. There are now around 7500 Soviet fighter planes; in 1970 there were around 4500. Ten years ago there were no fighter helicopters yet; currently the Soviet Union has over 900 of these machines at its disposal.

In spite of all this, one can still start from the premise that the size and quality of the NATO armed forces make it unattractive for the Warsaw Pact to launch an attack against the alliance.

UNIFIL [United Nations Interim Force in Lebanon]: Advisory Council for Defense Affairs Investigates Dutch Contribution

Since March 1979 the Netherlands has been making a contribution to the United Nation's peace force in Lebanon (UNIFIL) in the form of an armored infantry battalion. The initial difficulties, which may be considered normal, were conquered rapidly and the battalion has been functioning excellently since then. The secretary general of the United Nations and the commander of the peace force, amongst others, have expressed appreciation for the skillful, disciplined and firm action of the battalion. Through a slight decrease of the personnel strength, the battalion has been brought within the limits set for it by the United Nations. Now it is around 800 men strong. Through intensive recruiting the battalion has been successfully filled almost completely on a voluntary basis. In doing so, one starts out from an average personnel placement duration of about 6 months. The many, often serious, incidents which take place in the UNIFIL area and the failure so far of a political solution to be forthcoming cause great concern to the government. Along with representatives of the 10 other countries who furnish troops to UNIFIL, the Netherlands has participated in a meeting in Dublin which led to a joint political action to promote the execution of the mandate of the Security Council of the United Nations and the guaranteeing of the safety of UNIFIL personnel. It was agreed that meetings of this type will be repeated. The Security Council and the secretary general of the United Nations have urged the parties involved to make a good execution of the mandate possible.

The Netherlands has made a commitment to make the battalion available until the end of the period of 6 months of the current UNIFIL mandate. The plan for that was discussed during an oral consultation with the Permanent Commissions for Foreign Affairs and Defense of the Second Chamber on 10 June 1980. These commissions were in complete agreement with that. The Security Council has extended the mandate of the peace force in Lebanon until 19 December 1980. Each time the mandate is extended and the United Nations appeal to the Netherlands to continue to make the contingent available, the government will consider it in consultation with the parliament. In doing so, the consequences of a continued dispatching of troops for the carrying out of the NATO task and the great effort the dispatch requires of the Royal Land Forces are taken into account, amongst other aspects. The Advisory Council for defense affairs is making an inquiry into the possibility of forming units in the future to be made available to the United Nations.

The Military Force

Territorial Protection: Air Defense Must Improve

From partial studies by an official task force which made a study of territorial protection, it is generally clear that the need for additional units is limited. The equipment and armament of the units must be replenished and improved, in particular those for local air defense. This will require a considerable effort. Further it will be necessary to mobilize its units earlier, in particular those which are charged with the protection of the mobilization. Certain units should be called up even before the first phase of the mobilization. The task force is charged with completing the total study on territorial protection very shortly.

Anticipating the completion of the study, steps have already been taken to improve territorial protection. Recently the decision was made to call up earlier a part of the mobilizable personnel of a number of air defense and protective units in case of a crisis situation. The recruitment for the National Reserve has also been greatly stepped up. Based on the temporary results of the studies mentioned earlier, measures for the improvement of territorial protection have been included in the plans for the coming period.

Partly on the basis of the almost completed study on territorial protection, some improvements proved to be necessary in the area of personnel. Amongst others, the number of platoons of the National Reserve was initially expanded to 105 and more recently to 113.

Through intensive recruitment, the filling of these platoons is rapidly being improved. Under the responsibility of the provincial military commanders, education and training will be improved.

The providing of materiel for the benefit of territorial protection is taking place through the purchase of new materiel, through incorporation of materiel which originates from the army corps and which is technically and operationally completely suited for this task -- possibly after revision -- and through requisition.

During the planning period the following materiel will be acquired:

--means of communication, amongst others: FM radio apparatus, telephonic apparatus and coding apparatus;

-- light machine guns and mortars;

protective NBC [Nuclear Biological Chemical] clothing;

--wheeled vehicles;

--ammunition for bringing war supplies up to level and for target training and practice purposes.

The most important materiel which will become available from within the army corps for the benefit of territorial protection relates to:

--various types of wheeled vehicles as replacement for obsolete materiel which still would have to be acquired through requisition now;

--bridge forming materiel for additional shore connections;

--light infantry arms for the replacement of technically obsolete materiel;

--0.50 inch quadruple machine guns for the air defense of the units.

Steps will also be taken for the improvement and protection of the command:

--protection of communication centers;

--supplies in the command posts of the commander of the land forces and the national territorial commander.

Regional Medical Detachments

In order to improve the functioning of the medical service in the national sector, a plan has been designed to restructure the current 18 garrison medical detachments into 8 regional medical detachments. An experiment took place in that framework in the regions of Breda and Roermond in the 1978-1979 period.

Royal Land Forces

Plans

There will be continued undiminished striving for further improvement of quality also in the coming planning period. In the army corps this affects the reaction time, the elimination of the deficiency in anti-tank means, the expansion of the capability for waging electronic war, qualitative and quantitative improvement of the air defense system and the bringing up to war level of stocks of ammunition. Furthermore, operationally obsolete materiel such as the YP-408 armored vehicles which are still among the equipment of 8 of the 15 armored infantry battalions and the towed artillery will have to be replaced. Modernization of the wheeled vehicle complement will also be continued. In addition, in the national sector steps will be taken aimed at quality improvement. This concerns the improvement of the wheeled vehicle park, the introduction of better means of communication, the further modernization of individual armament and the expansion and improvement of group arms.

Defense Areas

The Royal Land Forces have had to contend for a considerable time already with a shortage of appropriate practice terrains. When the program for the re-establishing of the practice terrains under consideration has been carried out, only part of the obstructing factors in the execution of the practice program will have been eliminated. The need for practice terrains in the Netherlands where units of company size can practice as an organic whole still has to be met. The use of practice terrains abroad which are appropriate for that purpose offers only a very limited solution because of limited availability and, moreover, an increase in cost.

The First Army Corps

Now that the brigades of the fifth division are mechanized, the army corps has at its disposal six armored infantry brigades, three armored brigades and one infantry brigade. For the defense of the section assigned to the Netherlands in the North German lowlands, the minimum is a total of 10 brigades with their supporting and maintaining army corps troops.

In accordance with the improvements in the area of anti-tank means, electronic waging of war and the reaction time of the army corps, one must change over to the forming of new units or else the expansion or bringing up to complete strength of the existing units.

Anti-Tank Capability Must Be Improved

Currently there is still a shortage of long range anti-tank arms. Therefore the armored anti-tank companies of the armored infantry brigades and the armored infantry battalions will have to be expanded in the coming period. The medium range anti-tank capability must also be improved both with respect to quantity and quality. It is expected that still in 1980 a first start will be made toward the elimination of shortages in anti-tank mines.

Air Defense

The air defense system of the army corps must be expanded and improved. That system should consist of a warning- and spotting element, air defense means for the tactical defense against air attacks for the benefit of the units and a system composed of guns and missiles for the defense of the area against air attacks. With this system the army corps will be able to act effectively against helicopters and airplanes which operate at a very low altitude. Moreover, it will be possible to combat some of the airplanes operating at a medium altitude.

NBC Protection: Battledress Must Be Adapted

Protection against the consequences of a nuclear explosion will be improved by the introduction of apparatus by which the location and size of areas contaminated with radio-active fallout can be determined. The current gas mask offers sufficient protection against chemical contamination of the eyes and the breathing canals.

Protection of the skin is obtained by protective clothing; an improved design was ordered in 1980 and will be introduced shortly. In view of the objections with respect to the wearing of separate NBC clothing and its still limited durability, an improvement in battledress will be sought so that it is effective in case of chemical contamination. The current means for individual chemical decontamination serve their purpose. The radiological decontamination of material is regulated and meets the requirements.

Field Artillery: Replacement and Expansion

The 155mm and 203mm Howitzers now used in the army corps are operationally obsolete and will be replaced in the planning period by guns with a longer range and greater mobility. There is also a need for an artillery system with which large areas can be covered rapidly. The introduction of such a multiple artillery-missile launcher system (MARS) is projected for the end of the planning period. In order to increase the effectiveness of the artillery, the capability to rapidly process data on objectives and to convert them into target data for the guns must be improved. Replacement of the obsolete FADAK apparatus by new artillery computing apparatus will be taken care of in the mid-eighties. In the second half of the planning period the phased introduction of an automated fire support information system will be initiated.

Replacement of Armored Vehicles

The operationally obsolete YP-408 armored wheeled vehicles must be replaced. It was also apparent that the artillery observers incorporated with the maneuver units need their own armored vehicle. In the second half of the planning period the M113 reconnaissance vehicles will be replaced.

Electronic Warfare (EOV)

During the planning period the required materiel for "Electronic Counter Measures" and "Electronic Support Measures" will be introduced in phases; simultaneously an EOV unit will be established. This unit will comprise around 700 men, including the personnel in training.

Target Tracking

The plans anticipate the expansion of the target tracking system with artillery tracking radars in the first half of the planning period . . .

In the second half of the planning period the introduction of a ground sensing system and of unmanned airplanes provided with sensors will be started.

Shortening of the First Army Corps Reaction Time: Strength of Brigade in the FRG Must Be Improved

The first introduction of measures to shorten the reaction time can be started in 1981.

These measures are:

--the increasing of the true strength of the brigade stationed in the Federal Republic, through which this brigade becomes less dependent upon the short-leave regulation and through which utilization is improved;

--the purchasing of more flatcars,through which the temporary transfer of the materiel of the army corps to war positions is better guaranteed (the first is expected to be delivered in 1982);

--the acceleration of the ability to issue the materiel stored for the short-leave units of the brigade stationed in the FRG. That materiel will be transferred to the Federal Republic and will be stored in such a way that the requirements of immediate readiness for use will be fulfilled.

/The true strength of the brigade stationed in the Federal Republic will be increased by around 380 men. This concerns the putting into readiness of the short-leave elements, the engineers battalion, the armored engineers company and one of the two tank battalions and the resulting strengthening of the maintenance units. The training courses in the Netherlands linked to that require around 190 additional people, so that the average annual strength will be increased by around 570 men as a result of this measure./

For a considerable time already there has been work on the storage in the Federal Republic in peace time of supplies (ammunition, fuels, etc.) needed by the army corps in war time. It is expected that sufficient storage capacity will be available at the end of the eighties. Two "forward storage sites" are currently ready and seven are in preparation.

Long Term Estimates

Long term estimates 1981-1985. The plans for the Dutch share in the allied defense, which are explained in this memorandum of explanation, require a financing level which shows an annual structural growth. Within the alliance, the part of the gross national product which is spent on defense in our country corresponds approximately with that of Belgium, the FRG and Norway.

It is evident from these data that the Netherlands is one of the more prosperous countries and as such contributes proportionally to the expenses of the allied defense. It should be taken into consideration, however, that the tasks have an inflationary effect on the kingdom. Not all allies have similar obligations.

Financing

Because big materiel replacement projects are regulated in contracts which span many years, there is always a danger that the defense budget will be undermined through the structural working of undercompensation. Therefore the government takes care that adequate compensation is granted for price increases. This is stipulated in the government statement of January 1978. A special point of concern is the very large price increase of oil products. Its utilization is directly linked to operational activities and practice programs. Retrenchments in this regard directly affect the operational readiness and skill of the armed forces. That is not acceptable in the current political and military situation. However, one does strive continually for a thrifty consumption of energy.

/Dutch industry is informed about big materiel projects in advance, so that it can determine how it can participate in the production. This is in accordance with the purchasing policy of the national government. An important part of the defense orders is placed with Dutch industry. It is obvious that retrenchment of available funds rebounds on industry./

1978 and 1979 Budget

In both 1978 and 1979 less money was spent on operating expenses than was anticipated in the planning. On the other hand, more was spent on investments in both years. The two amounts are about equal. The whole is a summation of over- and underspending of incidental nature.

The transfer of operating expenses into investments amounted to about 0.1 and 0.4 percent respectively of the available operating amount in 1978 and 1979. That is a very good result, considering the total amount concerned.

## The Materiel Policy

International cooperation in the production and acquisition of materiel.

It is expected that the Periodic Armaments Planning System will be introduced in NATO during the course of 1981. The transatlantic dialogue between the Independent European Program Group [IEPG] and the United States is being promoted strongly.

## European Cooperation

European cooperation in the area of defense materiel is aimed at a better mutual adjustment of the plans of the European allies and at cooperation in the development, production and acquisition of materiel.

This is an attempt to achieve jointly with the European countries an equal negotiating position relative to the United States in the production and supplying of defense materiel. European cooperation, which has mainly been concentrated in the IEPG since 1976, thus far has not led to tangible results in the form of concrete materiel projects. The main cause of this is that it was repeatedly obvious in cooperation projects contemplated by the IEPG that the national plans and developments had already progressed so far that mutual adjustment was no longer possible. In order to get the so desired cooperation in material projects launched, the secretary of state and I consider a more systematic program and approach essential.

## Materiel Needs in Times of Crisis

/In connection with, amongst other things, the uncertainty about the duration of a conflict, the limited financial means for the stocking of war supplies and for reasons of efficiency, arrangements must be made in peace time to cover the materiel needs of the armed forces in periods of crisis and war to the extent the civilian sector can provide for that. Here it is a matter of both goods and services. The existing legal framework will have to be looked at again and perhaps adjusted. New measures in this area will fit in with already existing activities within NATO and the armed forces. There is close cooperation with the staff for civil defense/.

## Providing Petroleum Products in War Time

Measures have been taken to improve and adjust the organizational framework for provision of petroleum products for the armed forces in unusual circumstances. As a result of the oil crisis, laws and consultation bodies have come into being which aim at assuring and/or regulating the provision of petroleum products during periods of scarcity.

## Energy Saving

Defense is cooperating in the energy saving program advocated by the minister of economic affairs for the entire national government. An energy saving task force is checking and advising on what measures are needed. It has proposed measures which could lead to energy savings of at least 5 percent. It is a matter not only of economizations in the administrative sector but also, for example, of an intensive application of simulation techniques in the training courses.

Materiel Plans Royal Land Forces

In order to shorten the reaction time of the First Army Corps, 500 to 600 flatcars will be acquired for the transport of materiel of the combat-ready units stationed in the Netherlands and materiel of the mobilizable units. The cars are expected to be delivered in 1981.

Materiel for Maneuver Units

In 1979 additional armor was ordered for the Leopard I which will have been supplied in 1981. Prototypes of an improved fire control system were also purchased in 1979. These will be tested in 1980, after which a series order can follow in 1981.

If improved ammunition can be ordered before the end of 1980, the operationally necessary improvement of the Leopard I tanks will be completed around 1984.

In 1979, 445 Leopard 2 tanks were ordered which will be supplied during the period 1982 to 1986. The ordering of the heat image apparatus of this tank is anticipated for 1980. A first order of auxiliary apparatus was placed in 1980 and the remainder will be ordered in 1981.

The ordering of war ammunition for these tanks is done in such a way that it will arrive simultaneously with the tanks. With respect to the so-called derivative versions of the Leopard 2 tank, the ordering of the bridge-laying tanks is anticipated in 1981. Because the storage tanks are still being developed, this version can not be purchased before 1984.

Recently 1115 armored vehicles of the YPR-765 type have been ordered in order to replace the AMX armored vehicles. The delivery of these 1115 pieces will be completed in 1981.

The YP-408 armored vehicles have become technically and operationally so obsolete that they will have to be replaced during the first half of the planning period. The study relative to replacement, in which the question of track- or wheeled vehicles will also be discussed, will be completed in 1980. Placing the order in 1981 will be sought with receipt of the equipment in 1983-1986. There is a great need for armored vehicles for the artillery observer groups of the field artillery branches. This need had been included in the materiel plans with an order halfway through the planning period. In the second half of the planning period replacement of the M113 armored vehicles will be initiated.

Means of Command and Communication

During the entire planning period various obsolete FM- and AM radio apparatus and coding apparatus will be replaced. The communication system of the army corps will be automated as much as possible during the planning period. During the planning period diversified transmission-, terminal- and computer apparatus will be built into containers to be placed in vehicles in order to protect them against undesired mechanical and electromagnetic influences.

Means of Fire Support

Standardization of the 155mm and 203mm calibers is expected to be completed in 1981 in the first army corps. The improvements on the mechanized 203mm Howitzers which -- in conjuction with heavier propelling charges and other projectiles -- increase the range of these Howitzers will be completed in 1981. The testing of a number of towed 155mm systems will be concluded in 1980. Replacement of the towed artillery has been anticipated in the materiel plans for the planning period. In the second half of the planning period the acquisition of a multiple artillery missile launching system (MARS) has been anticipated.

Laser rangefinders for the artillery- and mortar observers have been ordered from Dutch industry in 1979 and will be delivered in the years 1981-1982. Replacement of the FADAC artillery fire regulating apparatus has been anticipated in the planning period. In the second half of the planning period the phased introduction of an automated fire support information system will be initiated.

Anti-tank Equipment

The number of long range anti-tank arms in the six armored anti-tank companies will be expanded from 16 to 24 per company. An order for TOW [wire-guided anti-tank] arms systems for the armored vehicles of the YPR-765 type is anticipated for 1981.

Also anticipated in the first half of the planning period is an order for long range anti-tank arms in order to incorporate a second anti-tank platoon in the armored infantry battalions. The Dragon anti-tank missile systems of medium range ordered in 1977 are currently being introduced in the armored infantry battalions.

Short range anti-tank arms such as the 3.5 inch missile launcher and the anti-tank rifle grenades will have to be replaced during the planning period. In this, thought is given to passing on the LAW [antiaircraft defense] used in armament to the non-maneuver units and to introduction of an improved LAW in the maneuver units.

The order for a number of anti-tank mines to be put in place mechanically will be placed in 1980.

For the time being the acquisition of anti-tank helicopters is anticipated in the second half of the planning period.

Air Defense Equipment

The introduction of the modern 35mm mechanized gun systems will be completed in 1981; one battery will be incorporated in each of the nine brigades. The air defense system will be completed with "light systems" consisting of gun- and missile systems for air defense against objectives up to and including medium altitude.

NBC Materiel

Orders for materiel for warning, protection and decontamination are anticipated for the planning period.

Battlefield-Monitoring and Target-Tracking Equipment

Part of the need is met by mortar-tracking radars ordered in 1979 which will be delivered in 1981-1982. The ordering of artillery-tracking radars is anticipated in the planning period, as well as the acquisition of small unmanned airplanes equipped with sensors, some of which can operate above enemy territory. In addition, a separate system of ground sensors will be purchased.

Engineering Materiel

In 1981 one will strive for the replacement of the pneumatic hand tools and the water purification installations which are being used by the engineering units. In 1980 a study was started with respect to the replacement of the Centurion tank bulldozers. In the first half of the planning period the pontoon bridge sheet materiel will be replaced. At the end of the second half of the planning period further mechanization of engineering equipment and improved protection of engineering personnel will be initiated.

Infantry Arms

Hand guns will be replaced during the planning period. Of importance is the test of small caliber arms which was held in the NATO context. The Royal Air Force participated in that. Evaluation of the test results will be completed in 1980. Operationally obsolete and also some of the technically obsolete machine guns will be replaced in the planning period. In doing so, coordination is sought with the hand guns to be newly introduced. Some of the mortars which have become operationally obsolete for the army corps will be replaced in the planning period.

Airplanes/Helicopters

The reconnaissance and observer helicopters of the Alouette III type must be replaced in the planning period for technical reasons. In order to improve the tactical application of the BO-105-C helicopters, these will be provided with apparatus for night flying and apparatus for electronic counter measures (ECCM) during the coming period.

Acquisition of air transport equipment is anticipated in the planning period.

Infrastructure

An important part of the available funds will be invested in the eighties in the continuation of sanitation programs which are aimed at improving the work- and living climate. Therefore the quality of educational and sport accommodations will also be improved.

The Dr A. Mathijsen Military Hospital in Utrecht and the military rehabilitation center in Doorn will be renovated. Local medical facilities will likewise be modernized.

In order to promote the efficiency of the mobilization system, outside vehicle storage will be decreased through additions to existing buildings, and functional storage will be improved.

To improve opportunities for war games and target practice in the Netherlands, a company practice terrain with battle firing ranges for armored units and a number of ranges for shooting instruction will be built in the Lauwersmeer area between now and 1987, as well as a camp.

Woman in the Armed Forces

The task force Women in the Armed Forces has determined that the number of obstacles to all functions in the armed forces being occupied by women is not great. Considering the nature of those obstacles, it may be expected that women can start filling more positions only in a gradual manner. The removal of these obstacles will not be simple and will require considerable time. The Memorandum of Explanation adds here that the viewpoint that all the functions in the armed forces are open in principle to men and women equally means that everyone who is eligible for a function must meet the prescribed physical requirements. Those requirements form the main obstacle.

In practice it is clear -- particularly during initial training -- that women generally cannot meet all the currently established physical requirements. These requirements will have to be reconsidered and, where possible, adjusted to the requirements pertinent to the functions which one must be able to perform during one's military career.

Apparatus for Fighting at Night and in Circumstances of Reduced Vision

From 1981 onward, active infrared apparatus will be replaced by passive infrared apparatus.

The first half of the planning period provides for the acquisition of passive infrared apparatus by which the anti-tank arms can be utilized effectively at long- and medium range under reduced vision.

Materiel for Logistic Support

During the planning period, emphasis will primarily be on the introduction of wheeled vehicles in the framework of the improvement and rationalization of logistic support and the introduction in 1984 of the shelters ordered in 1978. In 1981 test models of a hoist car will be bought. Furthermore, the remaining need for trucks for transporting the wounded and for trucks of 4 kN [expansion unknown] will be met. The introduction of a new type of individual standard equipment for the military will be initiated in the planning period.

Anticipated in 1981 is the ordering of a driving simulator for YPR driver-training and shooting simulators for tanks and flight arms. The tactical simulators for units such as the cavalry and infantry will also be purchased in 1981.

Consultation Bodies at the Unit Level

In order to enable the interest groups of the military to provide as great an input as possible in the creating of deliberation regulations at the unit level, it was decided to first discuss the main lines of new draft regulations. These main lines will be submitted shortly to the organized consultation body.

The most important points are:

--active and passive voting right for all the military;

--an independent consultation body which elects its own chairman;

--deliberation with the commander takes place in the consultation meeting of which the commander is the chairman;

--the regulation will have the character of an organizational regulation.

Restitution of Food Costs

The centrally organized military consultation body (CCOM) may shortly expect a proposal on restitution of non-utilized food costs. The proposal is aimed at paying back to the military the food deduction for the days the state alimentation is not utilized. In this proposal the existing regulation -- whereby such a restitution is made only after 8 days -- will be changed so that such restitution can take place already on the first day. Simultaneously the restitution of the housing deduction will be tied to a monthly period because elsewhere the payment -- and thus non-payment -- of housing costs is also customarily tied to a period of one month instead of to a limited or unlimited number of days.

Ammunition

The need will be met in the planning period amongst other ways by:

--acquisition of artillery ammunition to bring the stocks gradually to the level determined in the NATO context, which will be achieved during the second half of the planning period.

Through this acquisition a qualitative improvement of the artillery ammunition parcel will likewise be realized;

--acquisition of tank ammunition in the framework of the improvement of Leopard I tanks and for the purchased Leopard 2 tanks. With that, the tank ammunition is brought up to the required level in the first half of the planning period;

--acquisition in 1981 of heavier propelling charges and special projectiles for a longer range.

Tests with Commercial Restaurants

In five locations in our country experiments will be made with commercial restaurants. The tests will be made in the Amsterdam Navy barracks, the Orange barracks in Schaarsbergen, the Major General Koot barracks in Stroe, the Corporal van Oudheusden barracks in Hilversum, the Volkel air base and the Air Force electronic and technical school in Arnhem. These restaurants will be used on a trial basis in the 1982/83 period.

More KVV's [short term volunteers] for Land Forces

During the coming years attempts will be made to recruit more short term volunteers (KVV's). Thereby thought is given primarily to the recruiting of draftees in actual service and draftees who have finished their first training and are registered as work-seekers.

The current personnel complement in the Royal Land Forces is still behind the current need. Making up for the current personnel shortages (in which the maintaining of the Dutch UNIFIL detachment also plays a role) and expansion of the personnel complement in the longer term, will require an additional effort of the personnel-recruiting services and training centers in the coming years.

The shortage of career officers and non-commissioned officers can be eliminated only in a gradual manner through recruitment and influx at the lower levels. The recruitment of KVV's offers an opportunity for that. After further deliberation with the interest groups of the military, it will be considered whether the horizontal influx can be applied more broadly and more structurally in the future.

One will continue to strive for improvement in the quality of performance through increasing the continuity "in a function" and through longer employment in the same sector of the organization. The career policy for non-commissioned officers, for personnel in the automation sector and for some categories of officers who have had university or equal training will be further developed in the coming period.

Consideration is being given to departing from a maximum placement period in the stationing of personnel in the Federal Republic of Germany.

The possibility is being investigated whether a training center can be established for personnel who will be employed in the training sector.

The introduction of improved and more efficient methods of selection by the selection center of the Royal Land Forces is being continued. In order to arrive at a better adjustment to actual performance, differentiated requirements in the area of physical exercise and physical training are being developed for all training courses.

An obstacle in the Royal Land Forces is the shortage of civilian personnel, primarily in the logistic and administrative functions. The shortage will gradually be decreased through an annual increase of the civilian personnel complement in the coming period. In the land forces the integration of women will be continued.

3000 Training Courses in Defense

There are approximately 3000 training courses in the armed forces. Around 9000 military and civilians have a full-time position as lecturer/instructor or are active in support of the training courses. In 1979 over 50,000 military went into training (including 46,000 draftees). These data are supplied by the Memorandum of Explanation on the Defense Budget for 1981 in the chapter Training, Education and Instruction. Further, that chapter states, amongst other things, that in principle the training courses must conform with education in civilian society.

Civilian recognition of the eligible armed forces training courses is sought.

More Personnel for Defense

The personnel complement of Defense will increase by 1.5 percent in the coming years, through 1985. The Memorandum of Explanation on the Defense Budget for 1981 states that the growth is controlled and "attuned to minimal requirements." In contrast with an expansion of personnel in the Royal Navy, the Royal Land Forces and the Royal Military Constabulary, there is a decrease of personnel in the Royal Air Force (of around 900 men through 1985).

Measures have already been initiated earlier to reduce the imbalance between the number of jobs and the number of personnel actually present. The requirements [illegible] with respect to the quality of personnel have become higher, primarily in the technical jobs. In spite of active recruitment -- which is being continued -- it has been difficult recently to attract appropriate military personnel particularly. Whether an increase in the number of female military could mean a solution cannot be predicted.

In the sphere of military work conditions, improvement is anticipated with respect to compensation for overtime (to be introduced shortly) and in the area of deductions for housing and food (on which proposals will shortly be submitted to the organized consultation body. Special attention will be given to deliberation within the organization at the unit level.

Royal Military Constabulary

The increase in strength by 50 men announced in the Memorandum of Explanation on the 1980 Budget will be realized in 1981.

Border Control

In connection with the opening up of the Gennep-Goch border examination post at the end of 1983, the establishment of a new brigade is in preparation.

Less Support for Capital

According to the wish of the minister of internal affairs, the semi-permanent support in Amsterdam will be decreased to 100 as of 1 January 1982 from a current strength of 153. Leaving aside unforeseen circumstances, this support will gradually be decreased further.

First Army Corps Military Constabulary Not Yet in Blue/Black

Deviating from a policy decision made in 1973, due to considerations of an operational and budgetary nature, there will be no change-over to the issuing of the blue/black uniform to the personnel of the military constabulary battalion of the first army corps.

Individual Mobile Phone Communication for Military Constabulary

In order to enable the central traffic post in Driebergen to function more

effectively, an individual national system of mobile phone communications will be made available to it.

For use in special circumstances two command vehicles will be purchased which, amongst other things, are equipped with provisions to maintain good communications under all circumstances.

In 1981 the renovation of the lodging buildings of the schools for career- and draftee military in the constabulary will be started.

Equality in Training for Military Constabulary and Police

Increasing equality between military constabulary- and police training courses is sought, without harming the military training facets and the specific requirements with respect to function in effect for military constabulary personnel. In this manner attempts are being made to create conditions which facilitate the change-over from the first class military constabulary to the police.

The expansion of the personnel complement in the military constabulary is still a subject of study. It is primarily aimed at the various factors of legal status which play a role in case of changes in the complement expansion. As to the factors of legal status with respect to a change-over of military constabulary to police, besides official deliberation, deliberation with the interest groups involved will also be desirable. Draft regulations will shortly be submitted to the Special Land Forces Commission with respect to the training for the B-diploma of the military constabulary, as well as draft exam regulations for all career training courses in the royal military constabulary.

In the royal military constabulary a social science assistant will shortly be included in the staff. Moreover, the possibility of establishing one or more coordinating commissions is being considered.

Distribution of money between the branches of the armed forces and the central organization (ministry) gives the following picture (in millions of guilders):

| | | |
|---|---|---|
| Royal Navy | 2219 | (19.5%) |
| Royal Land Forces | 4719 | (41.5%) |
| Royal Air Force | 2297 | (20.2%) |
| Royal Military Constabulary | 211 | ( 1.8%) |
| Central Organization and inter-service affairs | 1935 | (17.0%) |
| Total | 11,381 | (100.0%) |

Distribution according to the main categories of expenditures gives this picture (in millions of guilders):

| | | |
|---|---|---|
| Personnel | 5806 | (51.0%) |
| Materiel | 1267 | (11.1%) |
| Pensions and unemployment pay | 1125 | ( 9.9%) |
| External entries | 32 | ( 0.3%) |
| Investments | 3151 | (27.7%) |
| Total | 11,381 | (100.0%) |

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SIRMAN DEMANDS CAUTION ON CYPRUS ISSUE

Istanbul CUMHURIYET in Turkish 9 Nov 80 p 3

[Article by Ali Sirmen]

[Text] The approach of NATO's annual fall meeting, following close on the heels of the U.S. presidential election, has brought to the fore two important questions for Turkey.

The first of these questions is the return of Greece to the military wing of NATO. This issue was resolved when Turkey's resistence was overcome by the acceptance and implementation of the Roger plan, the correctness of which has been borne out by later developments. Thus Carter was thinking to show himself to American public opinion as the person who had overcome resistence to the return of Greece to the nest and to garner votes from the Greek lobby.

Carter's Mistaken Calculation Became Evident on 4 November.

Now these days the second expectation by the West from Turkey, which is that she ought to show a more flexible attitude with regard to Cyprus, has come to the fore. It would appear that a plan to turn Maras over to the Greeks as a fait accompli without specifying any quid pro quo has been dished up as a result of many sided foreign calculations.

Rauf Denktas' arrival in Istanbul from Cyprus in connection with undertakings related to this plan is of utmost interest. Moreover while Denktas was in Istanbul Cagatay was holding meetings in Ankara stated to have been important. Those who know Rauf Denktas' makeup and modus operandi know that he would not have been satisfied with sending his prime minister to Ankara at such an important moment but would have participated in the negotiations directly.

All of these events aroused the impression that we are on the eve of important developments regarding the Cyprus issue.

The fact that Denktas at such a moment holds himself aloof from events in Istanbul has given rise in some circles to suspicions the degree of justification for which we are not in a position to say. Diplomatic circles assert that Denktas' Istanbul visit is a product of a desire to remove himself from the necessity to assume responsibility for concessions which he cannot accept.

Let us repeat that we are not in a position to say anything regarding the degree of justification for these concerns.

However all of these events once more prove that we must be very careful with regard to anything which bears on the Cyprus issue.

To agree to return Maras without receiving anything in return from the Greeks and to believe that thereby we will soften the attitude of Athens and the Greek sector in Cyprus would be an act of extreme optimism. Past events are full of examples to demonstrate that such an optimism is unjustified.

It has become customary for the Greeks to consolidate what they have gained and then adopt a behavior which causes matters to drag out. We all know how agreements on principle arrived at between Denktas and Makarios and Denktas and Kipriyanu have on numerous occasions been denied by the Greek side.

It is also well known that the western view of questions impinging on Turkey's own boundaries gives priority to its own regional balance or the interests of the overall alliance far more than our own country's interests.

It was also a recognized truth that the aforementioned circles have shown an inclination to take advantage of our country's difficult economic conditions.

The interesting aspect of this matter is that now that Turkey has an incomparably stronger government in power than have heretofore existed the West by some strange logic is trying to convert this new strength into concession.

The West has a simple and very superficial logic on this matter which is as follows:

"We see the correct course to follow in the matter of Cyprus (correct according to their own viewpoints) and we have been pointing this out. However Turkey because of the governments which have been in office, and due to various concerns with regard to elections, has not been able to pursue the correct course. Now however all of these concerns have been put aside, and there is a strong government in office. Therefore this government ought to make the required concessions."

No one advocates maintaining the present situation in Cyprus without change. In order to achieve a just and enduring solution, however, the correct posture is to pay no attention to demagogic sallies and to demonstrate the courage of our convictions.

To accomodate to western logic and to back down in Cyprus without receiving any concessions from the Greek side would accomplish nothing except encourage the other side to demand more concessions.

Such posture would not suit the Turkish position or Turkey's interests.

Besides a peace which is brought about by one-sided concessions, no matter how it may appear at first glance, will not actually be of use, because it will not prove to be just and enduring.

Beware of the Cyprus question!

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CSO: 4907

ULUSU DISCUSSES DOMESTIC TRANQUILLITY

Istanbul MILLIYET in Turkish 8 Nov 80 p 6

[Article by Taner Dedeoglu]

[Text] Van -- Prime Minister Bulend Ulusu, in a public address at Van yesterday, said, "Those who attempt to divide us for artificial reasons will find ranged against them the unshakeable will of the overwhelming majority of our people and the Turkish Armed Forces."

Prime Minister Ulusu, who flew to Van yesterday with Minister of National Education Hasan Saglam and Village Affairs Minister Munir Oney, was welcomed here with demonstrations of affection.

The prime minister said the following, in summary, in the speech he delivered in Van:

"It gives me great pleasure to be here with you in Van, in this beautiful section of our country, on my first domestic tour since becoming prime minister.

"The anarchy in our country in September 1980 had reached the point to move all of our citizens to anxiety. The authority of the state had been abused, the state had become ungovernable, and all this had left the citizens hopeless and filled with anxiety. Our nation had reached the brink of civil war in any given area. The peace and security that our citizens deserve in Van, as everywhere else in the country, could not be procured.

"It was in this situation that the heroic Armed Forces, the cynosure of the great Turkish nation, were forced to seize administration of the state for the purpose of protecting the state of the Republic of Turkey and the integrity of the nation against internal and external enemies. A climate of tranquillity and security was established in our nation as of 12 September 1980 and our citizens found the happiness and peace of mind given by faith in the state.

"I would like to point out once again today that this homeland which our forefathers entrusted to us at the cost of their blood and their lives will remain forever an indivisible part of the state of the Republic of Turkey. Our heroic Armed Forces have the might to annihilate every attempt to destroy the national integrity. We are the sons of the great Turkish peoples, whose destiny it has been to

live for centuries on this soil as a common whole, in joy and sorrow, and who have fought side by side against the enemy of the national integrity. Those who attempt to divide us for a lot of artificial reasons will find ranged against them the unshakeable will of the overwhelming majority of our people and the Turkish Armed Forces.

"Those who would urge destruction of the tranquillity and security in our country will find the powers of the state against them and they will get the punishment they deserve.

"For this reason, you may lead your life in this beautiful land in full peace and security, with faith in the power of the state. Your greater happiness and prosperity is the primary goal of the governments of the republic.

"The investment program for 1980 alone allocates 1 billion liras for projects in our Van Province. We are determined to make our Van Province, which is rich in historic and tourist attractions and has high economic potential, one of the most important centers of the region. For this reason, we ascribe great importance to the prompt realization of the sugar factory, meat combine, power plant and airport projects in the 1980 investment program. Electrification of 171 villages in this beautiful province of ours is also scheduled.

"We ascribe a special importance to development of animal husbandry and the animal products industry which is one of the region's most important economic resources. We are determined both to increase the number of livestock markets and to develop them for this purpose.

"We also ascribe great importance to social development as well as economic development of Van, which is among the priority areas in development. For these reasons significant investments will be made in 1980 for educational institutions and health services in this province. A tremendous effort is being made to complete within the year construction of the regional schools, the orphanage, the school for the deaf, the child care home and the 10 health centers which are under construction.

"The economic differences which exist among the various areas of every nation certainly exist for us too. It is the duty of governments to extend prosperity to every corner of the country.

"We see each individual of our nation as a part of an indivisible whole in joy and in sorrow forever. And we accept the challenge to extend the blessings of development to every corner of the country."

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CSO: 4907

FIFTY-EIGHT BASIC LAWS TO BE ALTERED

Istanbul HURRIYET in Turkish 7 Nov 80 pp 1,15

[Article by Saygi Ozturk]

[Text] Ankara (HURRIYET) -- The Council of Ministers has set a schedule for all legal revisions to be made, including the constitution and the electoral and political parties laws. Preparation times have been set for them at the ministries and organizations which will carry out the work, according to which work on the legal revisions will be completed within 6 months at most. In this context, work on the new constitution and preliminary preparations for the political parties and electoral laws will be carried out by the Supreme Council for Legal Planning[SCLP], with assistance by the Justice Ministry.

According to the "Legal Revisions Schedule," which also involves prompt review of the basic laws of the Republic of Turkey, the Prime Ministry, the Supreme Coucnil for Legal Planning and all other ministries and agencies will complete their work within 6 months at most to allow the prompt accomplishment of legislation, excepting that already accomplished, to ensure political stability, establish social balance, develop labor peace and ensure fair taxation, and of legal amendments to eliminate the major statutory obstacles in political, administrative, economic, social and cultural matters.

According to the schedule which has been prepared, a large part of the basic laws will be examined this month by the SCLP, then discussed in the Council of Ministers. The draft laws will be submitted later to the National Security Council. The draft laws, periods of preparation and competent ministries and agencies contained in the schedule, which is really a sort of "government executive plan" covering all legal arrangements, are as follows:

1. New constitution (SCLP, 2 months)
2. Review of basic statutes of the Republic of Turkey to ensure political stability, establish social balance, develop labor peace, ensure fair taxation and facilitate implementation of the economic stabilization program (amendments to be completed within 6 months under responsibility of SCLP, Prime Ministry and all agencies)
3. Remove political influence over public employees and provide legal guarantees (SCLP, Justice Ministry, State Personnel Office, 2 months)
4. State Civil Service Law and other personnel statutes (State Personnel Office, coordinated with Finance Ministry and State Planning Organization [SPO], 2 months)

5. Financing law to resolve financial needs of municipalities and other local administrations and provide them new resources (Finance and Interior Ministries and SPO in consultation with Ankara, Istanbul and Izmir municipalities, 3 months)

6. Statutes to eliminate unnecessary bureaucracy, red tape and administrative formalities (Prime Ministry Department of Administrative Reorganization and all agencies, 6 months)

7. State of Emergency Law to authorize civilian government to take emergency measures without resorting to martial law (SCLP, Justice and Interior Ministries, draft now in final form)

8. Gendarmerie and security organization laws and police duties and powers laws (Interior Ministry with coordination by Justice Ministry, 1.5 months)

9. Statutes revising the Associations Law to prevent the involvement of associations in politics and activities beyond the purpose for which they are formed and to eliminate irregularities in their financial and administrative oversight (Interior Ministry in coordination with Justice and Finance Ministries, 1 month)

10. Draft to eliminate loopholes in Rally and Demonstrations Law (Interior Ministry in coordination with Justice Ministry, 1 month)

11. Anti-smuggling statutes (Interior Ministry in consultation with Customs and Monopolies Ministry, 2 weeks)

12. Law on establishment of a special security organization for banks and official establishments (Interior and Trade Ministries in consultation with Banks Union and Union of Chambers, 2 months)

13. Draft on security forces and cash compensation and binding salary (Interior and Finance Ministries, 1 month)

14. Statutes giving special importance to the training and discipline of security forces in connection with an effective testing, penalties and awards system for personnel employed in security and public order services (Interior Ministry in coordination with Finance Ministry, 2 months)

15. Statutes amending the Provincial Administration Law to clarify the security and public order powers of the governors (Interior Ministry in consultation with the SPO, 3 months)

16. Draft to amend the Traffic Law for the prevention of traffic accidents (Interior and Communications Ministries in cooperation with the Justice Ministry, 2 months)

17. Citizenship law in connection with our national interests (Foreign and Interior Ministries in cooperation with the Justice Ministry, 1 month)

18. Legal and administrative measures to ensure that the courts may give prompt and just rulings and that they may be implemented fearlessly (Justice Ministry, 2 weeks)

19. Revisions to ensure an effective deterrent against anarchy and terrorism and to ensure political stability (SCLP and Justice Ministry in cooperation with all agencies, 6 months)

20. Political Parties Law (SCLP in cooperation with Justice Ministry, 2 months)

21. Electoral Law (SCLP in consultation with Justice Ministry, 2 months)

22. State Security Courts Law (SCLP and Justice Ministry in consultation with Interior Ministry, 1 month)

23. Turkish Penal Code (SCLP in cooperation with Interior Ministry, coordinated by Justice Ministry, 2 months)

24. Penal Proceedings Law (Justice and Interior Ministries, 2 months)

25. Civil Proceedings Law (Justice Ministry, 2 months)

26. Law Pertaining to Flagrant Crimes Proceedings (Justice and Interior Ministries, 1 month)

27. Amendments and additions to other laws containing penal regulations (Justice Ministry in cooperation with all agencies, 3 months)

28. Tax amendments to supplement the economic and fiscal stabilization program (Finance Ministry in consultation with SPO, 1.5 months)

29. Basic legal revisions to prevent tax evasion for the purpose of preventing tax losses and ensuring the productivity of the tax management (Finance Ministry in cooperation with the Union of Chambers, 1 month)

30. Necessary revisions for taxation at reasonable rates of all earnings and income (Finance Ministry, 2 weeks)

31. Legal measures to improve tax administration and jurisdiction (Finance Ministry, 1 month)

32. Revisions for an effective self-control and oversight system in connection with taxation (Finance Ministry, 1 month)

33. Revision of tax categories and intersectoral distribution of rates, raising minimum subsistence deduction (Finance Ministry, 2 weeks)

34. Provisions and implementation of statutes governing state spending which lead to waste and improperly performed or delayed services (Finance Ministry in consultation with SPO, 2 months)

35. Practical arrangements to ensure more productive operation of the Public Economic Enterprises and arrangements to allow them to operate according to market economy conditions (SCLP, SPO and Finance Ministry in coordination with Industry and Technology and Trade Ministries, 3 months)

36. Revision of provisions and implementation of statutes governing state spending which lead to waste and improperly performed or delayed services (Finance Ministry in consultation with SPO, 2 months) [as published; same as #34]

37. Arrangements for implementation of export insurance system (Trade Ministry in consultation with SPO, Finance Ministry, 1 month)

38. Arrangements to allow development of cooperativism under the stability which state planning can provide and so as to prevent ideological abuse (Village Affairs and Cooperatives Ministry in consultation with Trade Ministry, 3 months)

39. Efforts to eliminate irregularities and omissions in existing statutes regulating domestic and foreign trade and to allow adjustments according to conditions of the day (under coordination of Trade Ministry and SPO in consultation with Finance Ministry, 3 months)

40. Measures to put an end to every sort of bribery, abuse and smuggling occurring at customs (Customs and Monopolies Ministry in consultation with Interior Ministry, 1 month)

41. Amendment of the Customs Law (Customs and Monopolies Ministry in consultation with SPO, 1 month)

42. Draft law on prevention and pursuit of smuggling (Interior and Customs and Monopolies Ministries, to be forwarded to Council of Ministers within 1 month)

43. Arrangements allowing private enterprise to manufacture cigarettes (Customs and Monopolies Ministry in consultation with SPO and Finance Ministry, 1.5 months)

44. Revision of statutes governing industrialization, an important factor in our development, to allow regulation according to conditions of the day (under coordination of Industry and Technology Ministry and SPO in consultation with Chambers of Industry, 3 months)

45. Land and Agrarian Reform Law bearing in mind national realities (Ministry of State, 3 months)

46. Revision of contract-awarding statutes to standardize state contracting systems (Public Works Ministry in consultation with SPO and Finance Ministry, 2 months)

47. Revision and updating of Railways and Transportation Laws (Communications and Interior Ministries in consultation with SPO, 2 months)

48. Labor and social security revisions (SCLP, Prime Ministry Collective Agreements Coordination Board, Labor Ministry and Social Security Ministry in consultation with SPO, no specified time)

49. Revisions in collective labor agreements, strike and lockout law (SCLP, Collective Agreements Coordination Board and Labor Ministry, 2 weeks)

50. Preparation of Unions Law (SCLP, Collective Agreements Coordination Board and Labor Ministry, 2 weeks)

51. Preparation of Labor Law (SCLP, Collective Agreements Coordination Board and Labor Ministry, 2 weeks)

52. Inclusion of groups not covered by Social Security, especailly agricultural workers, under the social security umbrella (SCLP and Social Security Ministry in consultation with SPO and Finance Ministry, 6 months)

53. Efforts to eliminate differences between recent and early retirement, widows' and orphans' pensions (Finance and Social Security Ministries in consultation with SPO, no specified time)

54. Conclusion of contracts with nations lacking a social secuirty pact for the protection of the rights of our workers abroad (Labor and Foreign Ministries in consultation with Social Security Ministry, 3 months)

55. Legal and administrative efforts to purge teachers of politics (National Education Ministry in consultation with Interior Ministry, 3 months)

56. Revision of National Education Basic Law and Universities Law (National Education Ministry and SPO, 2 months)

57. Revision of Full-Time Law (Health and Social Assistance Ministry in consultation with SPO, 2 months)

58. Legal revisions of Reconstruction and Resettlement Ministry (same, 3 months)

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CSO: 4907

TAXATION IMPACT ON LAND REFORM EXAMINED

Istanbul CUMHURIYET in Turkish 8 Nov 80 p 2

[Article by Professor Dr Ziya Gakalp Mulayim, teaching member of Ankara University Agriculture Faculty: "Agricultural Tax -- Land Reform"]

[Text] Agricultural taxation and land reform have been among the most controversial topics in Turkey since World War II. And they are on the agenda again after the 12 September action just as they were after 27 May and 12 March. The newspapers are publishing reports that an agricultural tax will be included in the new tax law under preparation and are printing views for and against. And land reform, as well as appearing in the government program, was most recently referred to by the distinguished General Haydar Saltik at a press conference with members of the foreign press when he said, "Income taxes will be made fair. Land and agrarian reform will definitely be realized."

As one who has been involved with agricultural taxation and land reform for the past 20 years and, in this connection, wrote his associate thesis in 1964 on "The Problem of Taxing Agricultural Earnings" and also sat on the commission in 1972 which drew up the "Land Reform Bill" which was the basis of the Land and Agrarian Reform Law no 1757, I consider it my duty to express my views, albeit briefly, on these two important topics of concern to millions of citizens in our country.

First, let us cite some important data on the structure of Turkish agriculture as related to agricultural taxation and land reform:

In Turkey, 1.1 percent of all agricultural operations own more than 500 dekars [1 dekar = 1,000 $m^2$] of land and work 22 percent of all land. More important, operations with more than 1,000 dekars, though representing only 5 of every 1,000 agricultural operations, hold 15 percent of agricultural land.

Although no definite statistics exist on income distribution in agriculture, the studies which have been conducted show that the distribution of income, being dependent on the poorly balanced land distribution in agriculture, is "very unfair." For example, according to a study entitled "Income Distribution in Boratav, 90 percent of the population employed in agriculture may receive only 67 percent of agricultural national income, while the remaining 10 percent share 33 percent of agricultural national income. According to the figures given in the Fourth Five-Year Plan which shows farmers as the occupational group with the poorest balance of income distribution, 22.6 percent of agricultural income goes to the 2.4 percent of high-income farming families.

It must not be forgotten that an important factor in the distortion of income distribution in agriculture is the effect of the middleman and lending sector on agriculture. This fact accounts for the large disparity between producer prices and consumer prices and, in many cases, for the lack of export possibilities.

Because of this misshapen structure of Turkish agriculture, any agriculture policy must have the following two basic aims:

1. To raise agricultural production,
2. To ensure fair distribution of agricultural national income among those engaged in agriculture.

Achieving these two goals depends first of all on tax reform in Turkish agriculture and realization of an effective land reform incorporating a widespread cooperativization.

The imbalance in land distribution would be eliminated by land reform and this would give rise both to increased agricultural production because of the positive effect on production of land reform that would incorporate cooperativization and to fair distribution of agricultural national income among those engaged in agriculture.

However, land reform by itself is not sufficient to eliminate the injustice in agricultural income distribution. It must be supplemented by cooperativization and tax reform. Agricultural tax reform will help both to provide the state an important new source of revenue and ensure the fair taxation which our nation has never enjoyed.

As for what should be done in land reform:

Land reform, as known, was halted by the Constitutional Court on 10 May 1977 after 3 years of implementation of the Land and Agrarian Reform Law of 1973. Therefore, the first thing that has to be done is to pass a new land reform law. If there is the desire for a true land reform and the distribution of land to thousands of landless farmers as cherished and described by the great Ataturk, the new law should not be based on Land and Agrarian Reform Law no 1757, but rather on the 1972 "Land Reform Bill." Law no 1757 accomplished nothing during the 3 years it was in effect but the deception of millions of landless peasants and pouring billions of the state's liras down the drain, whereas the bill drawn up by the commission on which I sat under the leadership of Mr Haldun Derin in 1972 would ensure a true and effective land reform in Turkey.

Agricultural Tax: What has to be done to allow taxation of agriculture is to make certain fundamental changes in the existing income tax. Let it suffice, within the limits of this article, to point out the two most important of these:

1. The small farmer exemption ceiling in the income tax law should be revised to equal the minimum subsistence deduction, the small farmer truly unable to pay the tax should benefit from this, the exemption of 99 percent of our farmers who have used this instrument for 20 years to avoid income taxes should be prevented; at least 25 percent of farmers should come under the income tax.

2. The regulation disallowing less than 70 percent for lump-sum payment should be eliminated, because if the small farmer exemption leaves out 99 percent of our farmers and reduces the tax to nothing, then this 70 percent regulation is the reason why most of the large farmers who come under the tax pay no taxes at all or only a symbolic tax. The law making the real-earnings method an option has been renewed every 2 years for the past 20 years; this should be stopped and big farmers should be taxed according to the real method.

It must not be forgotten that true development with social justice in our country will come about only through a just and effective tax system, not continuous foreign loans. If enjoying the benefits of the social and economic development of the nation is the most natural right of every Turkish citizen, then the most honorabl duty of every Turkish citizen is to share to the extent his finances allow in the cost of this development. The state must prepare the legal climate to allow the citizens to perform this duty of honor and then should be meticulous in following up on it.

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